

MOGALAKWENA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Mogalakwena Municipality at 30 June 2012.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2011/12 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2012 indicates an increase in Net Assets, and an increase in both Non-current Liabilities and Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Retirement Benefit Liabilities and Long-service Benefits. The increase in Current Liabilities is primarily as a result of the increase in Creditors and Unspent Conditional Grants.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2012	2011
Surplus / (Deficit) before Appropriations	207,927,714	195,754,845
Surplus / (Deficit) at the end of the Year	1,260,038,440	1,052,110,725
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	29.76%	32.13%
Remuneration of Councillors	2.90%	2.93%
Collection Costs	0.02%	0.02%
Depreciation and Amortisation	8.88%	9.36%
Impairment Losses	8.35%	8.24%
Repairs and Maintenance	10.84%	13.64%
Bulk Purchases	23.58%	22.37%
Contracted Services	2.55%	2.77%
Grants and Subsidies Paid	7.41%	4.93%
General Expenses	5.36%	3.62%
Current Ratio:		
Trade Creditors Days	85	49
Debtors from Exchange Transactions Days	45	43

2.2 Performance Indicators:

INDICATOR	2012	2011
Borrowing Management:		
Capital Charges to Operating Expenditure	0.00%	0.00%
Borrowing to Total Capital Assets	0.00%	0.00%
Safety of Capital:		
Gearing	0.00%	0.00%
Liquidity:		
Current Ratio	1.98	1.99
Liquidity Ratio	1.70	1.56
Capital Expenditure Management:		
Capital Expenditure on Infrastructure to Total Capital Expenditure	77.82%	86.28%
Capital Funding from Borrowings to Capital Grants, Subsidies & Donations	0.00%	0.00%
Revenue Management:		
Current Debtors Collection Rate	73.25%	75.42%
Outstanding Debtors to Revenue	12.61%	13.34%
Creditors Management:		
Creditors to Cash and Investments	14.07%	16.48%
Financial Viability:		
Debt Coverage	13.23	17.08
Outstanding Service Debtors to Revenue	24.49%	25.01%
Cost Coverage	1.06	0.72

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Mogalakwena Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2012 are as follows:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	347,164,475	298,861,407	16.16	-	100.00
Operating income for the year	729,364,355	648,528,368	12.46	825,429,652	(11.64)
Appropriations for the year	(114,221,521)	(147,451,777)	(22.54)	-	100.00
	962,307,309	799,937,998	20.30	825,429,652	16.58
Expenditure:					
Operating expenditure for the year	521,436,640	452,773,523	15.17	565,379,678	(7.77)
Sundry transfers	-	-	-	-	-
Closing surplus / (deficit)	440,870,669	347,164,475	26.99	260,049,974	69.53
	962,307,309	799,937,998	20.30	825,429,652	16.58

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	407,890,052	329,916,196	23.63	419,435,260	(2.75)
Expenditure	248,932,722	236,384,378	5.31	283,090,912	(12.07)
Surplus / (Deficit)	158,957,329	93,531,818	69.95	136,344,348	16.59
Surplus / (Deficit) as % of total income	38.97%	28.35%		32.51%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	132,382	128,487	3.03	119,976	10.34
Expenditure	129,245	112,065	15.33	143,565	(9.97)
Surplus / (Deficit)	3,136	16,422	(80.90)	(23,589)	(113.30)
Surplus / (Deficit) as % of total income	2.37%	12.78%		(19.66)%	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	42,036,002	43,145,141	(2.57)	49,383,046	(14.88)
Expenditure	41,043,024	31,476,120	30.39	44,815,146	(8.42)
Surplus / (Deficit)	992,978	11,669,022	(91.49)	4,567,900	(78.26)
Surplus / (Deficit) as % of total income	2.36%	27.05%		9.25%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R105,612,315 (2011: R84,735,898). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	161,008,240	143,542,942	12.17	170,177,298	(5.39)
Expenditure	136,958,606	113,333,280	20.85	142,125,812	(3.64)
Surplus / (Deficit)	24,049,634	30,209,662	(20.39)	28,051,486	(14.27)
Surplus / (Deficit) as % of total income	14.94%	21.05%		16.48%	

3.5 Water Services:

Water is bought in bulk from Lepelle Northern Water and "Uitloop Water Beleggings" and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R17,334,467 (2011: R16,553,730). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Income	118,297,679	131,795,602	(10.24)	186,314,072	(36.51)
Expenditure	94,373,043	71,467,680	32.05	95,204,243	(0.87)
Surplus / (Deficit)	23,924,636	60,327,921	(60.34)	91,109,829	(73.74)
Surplus / (Deficit) as % of total income	20.22%	45.77%		48.90%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R159,219,398 (2010/11: R192,720,059). Full details of Assets are disclosed in Notes 10, 11, 12, 13 and Appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R159,219,398 was financed as follows:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Capital Replacement Reserve	13,296,366	26,831,939	(50.45)	22,872,228	(41.87)
Grants and Subsidies	145,140,671	157,970,104	(8.12)	276,587,499	(47.52)
Public Contributions	749,736	7,603,687	(90.14)	-	100.00
Own Funds (Accumulated Surplus)	32,626	314,330	(89.62)	-	100.00
	159,219,398	192,720,059	(17.38)	299,459,727	(46.83)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2012	2011
Capital Replacement Reserve	8.35%	13.92%
Grants and Subsidies	91.16%	81.97%
Public Contributions	0.47%	3.95%
Own Funds (Accumulated Surplus)	0.02%	0.16%
	100.00%	100.00%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2012	2011
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	260,049,974	164,354,850
Revenue variances	(96,065,297)	(1,144,209)
Expenditure variances:		
Employee Related Costs	15,272,128	7,408,005
Remuneration of Councillors	73,162	1,237,779
Collection Costs	66,425	9,498
Depreciation and Amortisation	11,935,721	1,810,404
Impairment Losses	1,084,040	(5,094,351)
Repairs and Maintenance	(779,327)	4,652,066
Interest Paid	(16,293)	-
Bulk Purchases	3,093,219	4,910,372
Contracted Services	4,425,062	1,297,201
Grants and Subsidies Paid	(5,877,095)	6,869,230
General Expenses	16,465,184	9,472,221
Loss on disposal of Property, Plant and Equipment	(1,799,189)	(28,223)
Actual surplus before appropriations	207,927,714	195,754,845

DETAILS	2012	2011
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	260,049,974	164,354,850
Executive and Council	19,817,927	13,563,396
Finance and Administration	38,549,156	29,038,806
Planning and Development	4,474,341	2,265,808
Health	28,466	13,995
Community and Social Services	517,116	(3,387,474)
Housing	26,725	39,399
Public Safety	578,268	1,247,025
Sport and Recreation	(12,832,202)	(15,694,877)
Environmental Protection	76,507	35,929
Waste Management	(3,574,922)	(815,433)
Roads and Transport	(29,032,762)	(3,641,060)
Water	(67,185,193)	439,809
Electricity	(4,001,852)	8,306,742
Other	436,164	(12,068)
Actual surplus before appropriations	207,927,714	195,754,845

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Variance actual 2011/12 / 2010/11 R	Budgeted 2011/12 R	Variance actual/ budgeted R
Executive and Council	2,514,443	378,443	2,136,000	2,899,974	(385,531)
Finance and Administration	1,794,952	2,166,260	(371,308)	4,707,386	(2,912,434)
Planning and Development	237,903	119,365	118,539	579,451	(341,548)
Community and Social Services	14,182,575	3,065,979	11,116,596	13,756,837	425,738
Housing	-	-	-	370,000	(370,000)
Public Safety	1,396,325	927,044	469,281	3,140,091	(1,743,766)
Sport and Recreation	15,619,373	9,663,130	5,956,243	29,398,479	(13,779,106)
Environmental Protection	6,497	2,550	3,947	6,500	(3)
Waste Management	9,038,618	13,861,276	(4,822,657)	16,183,806	(7,145,188)
Roads and Transport	57,262,608	82,090,061	(24,827,453)	86,191,636	(28,929,028)
Water	49,799,865	60,836,073	(11,036,208)	122,331,653	(72,531,788)
Electricity	7,338,561	19,609,081	(12,270,519)	19,845,914	(12,507,353)
Other	27,677	798	26,879	48,000	(20,323)
	159,219,398	192,720,059	(33,500,661)	299,459,727	(140,240,329)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2012 amounted to R1,260,038,440 (30 June 2011: R1,052,110,725) and is made up as follows:

Capital Replacement Reserve	36,315,695
Capitalisation Reserve	82,591,527
Donations and Public Contributions Reserve	7,795,082
Government Grants Reserve	692,465,468
Accumulated Surplus	<u>440,870,669</u>
	<u>1,260,038,440</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Capitalisation Reserve is utilised to offset the cost of depreciation of assets funded from Internal Advances (not applicable anymore) over the lifespan of such assets.

The Donations and Public Contributions Reserve is utilised to offset the cost of depreciation of assets funded from Contributions from Public over the lifespan of such assets. Amounts equal to the cost of assets acquired from Public Contributions are transferred to the reserve annually.

The Government Grants Reserves are utilised to offset the cost of depreciation of assets funded from Government Grants over the lifespan of such assets. Amounts equal to the cost of assets acquired from Government Grants are transferred to the reserve annually.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 24 and the Statement of Change in Net Assets for more detail.

7. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2012 was R42,973,441 (30 June 2011: R38,011,209).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 22 for more detail.

8. NON-CURRENT PROVISIONS

Non-current Provisions amounted R10,425,117 as at 30 June 2012 (30 June 2011: R7,894,897) and is made up as follows:

Provision for Long-term Service	6,764,942
Provision for Rehabilitation of Land-fill Sites	3,660,175
	<u>10,425,117</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 23 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted R295,871,141 as at 30 June 2012 (30 June 2011: R188,215,248) and is made up as follows:

Consumer Deposits	Note 15	19,661,194
Provisions	Note 16	3,010,153
Payables	Note 17	70,589,856
Unspent Conditional Grants and Receipts	Note 19	<u>172,966,526</u>
		<u>266,227,729</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R1,010,210,300 as at 30 June 2012 (30 June 2011: R900,295,565).

Refer to Note 10 and Appendices "B, C and E (2)" for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets were R1,209,765 as at 30 June 2012 (30 June 2011: R621,319).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 11 and Appendix "B" for more detail.

12. INVESTMENT PROPERTY

The net value of Investment Properties were R3,006,244 as at 30 June 2012 (30 June 2011: R3,097,877).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 12 and Appendix "B" for more detail.

13. HERITAGE ASSETS

The net value of Heritage Assets were R5,736,342 as at 30 June 2012 (30 June 2011: R5,736,342).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 13 and Appendix "B" for more detail.

14. LONG-TERM RECEIVABLES

Long-term Receivables of R2,289,574 at 30 June 2012 (30 June 2011: R2,840,599) is made up as follows:

Debtors Capitalised Loans	7,171,185
Sale of Stand Loans	1,455,835
Study Cost Loans	50,015
	8,677,035
Less: Short-term portion included in Current Assets	6,387,461
	2,289,574

The increase in the amount for Long-term Receivables is due to the increased amount of debt arrangements entered into with consumer debtors.

Refer to Note 14 for more detail.

15. CURRENT ASSETS

Current Assets amounted R586,855,914 as at 30 June 2012 (30 June 2011: R373,640,379) and is made up as follows:

Inventories	Note 2	9,110,318
Receivables from Exchange Transactions	Note 4	31,396,148
Receivables from Non-exchange Transactions	Note 5	30,604,927
VAT Receivable	Note 6	7,495,337
Cash and Cash Equivalents	Note 7	501,750,484
Operating Lease Assets	Note 8	111,239
Current Portion of Long-term Debtors	Note 14	6,387,461
		586,855,914

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

16. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 19 and 26, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 58.

18. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

31 August 2012

MOGALAKWENA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

		Actual	
	Note	2012 R	2011 R
ASSETS			
Current Assets		586,855,914	373,640,379
Inventories	2	9,110,318	8,402,622
Non-current Assets Held-for-Sale	3	-	311,250
Receivables from Exchange Transactions	4	31,396,148	25,609,890
Receivables from Non-exchange Transactions	5	30,604,927	26,470,704
VAT Receivable	6	7,495,337	12,423,537
Cash and Cash Equivalents	7	501,750,484	294,034,627
Operating Lease Receivables	8	111,239	56,877
Current Portion of Long-term Receivables	9	6,387,461	6,330,872
Non-Current Assets		1,022,452,225	912,591,701
Property, Plant and Equipment	10	1,010,210,300	900,295,565
Intangible Assets	11	1,209,765	621,319
Investment Property	12	3,006,244	3,097,877
Heritage Assets	13	5,736,342	5,736,342
Long-term Receivables	14	2,289,574	2,840,599
Total Assets		1,609,308,139	1,286,232,080
LIABILITIES			
Current Liabilities		295,871,141	188,215,248
Consumer Deposits	15	19,661,194	19,706,671
Provisions	16	3,010,153	3,508,189
Payables from Exchange Transactions	17	70,589,856	48,453,081
Payables from Non-exchange Transactions	18	29,643,412	29,166,444
Unspent Conditional Grants and Receipts	19	172,966,526	87,380,864
Non-Current Liabilities		53,398,558	45,906,106
Retirement Benefit Liabilities	22	42,973,441	38,011,209
Non-current Provisions	23	10,425,117	7,894,897
Total Liabilities		349,269,699	234,121,354
Total Assets and Liabilities		1,260,038,440	1,052,110,725
NET ASSETS		1,260,038,440	1,052,110,725
Accumulated Surplus / (Deficit)	24	1,260,038,440	1,052,110,725
Total Net Assets		1,260,038,440	1,052,110,725

MOGALAKWENA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

			Actual
	Note	2012	2011
		R	R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	25	38,795,308	35,268,655
Fines		1,145,537	1,404,133
Licences and Permits		67,550	68,910
Income for Agency Services		8,945,566	8,214,097
Government Grants and Subsidies Received	26	385,818,052	368,060,588
Public Contributions and Donations	27	14,772,113	8,401,556
Revenue from Exchange Transactions			
Service Charges	28	216,313,192	180,380,049
Rental of Facilities and Equipment	29	1,029,828	720,039
Interest Earned - External Investments	30	24,859,260	15,925,024
Interest Earned - Outstanding Debtors	30	23,074,189	17,229,336
Other Revenue	31	9,184,141	6,108,752
Gains on Disposal of Property, Plant and Equipment		827,142	-
Profit on Sale of Land:-		4,532,476	6,747,229
Sale of Land		4,532,476	6,747,229
Cost of Sales		-	-
Total Revenue		729,364,355	648,528,368
EXPENDITURE			
Employee Related Costs	32	155,186,871	145,456,584
Remuneration of Councillors	33	15,107,713	13,246,031
Collection Costs		118,575	90,502
Depreciation and Amortisation	34	46,291,144	42,380,634
Impairment Losses	35	43,538,102	37,288,231
Repairs and Maintenance		56,546,309	61,763,678
Finance Costs	36	16,293	-
Bulk Purchases	37	122,946,781	101,289,628
Contracted Services	38	13,292,516	12,530,808
Grants and Subsidies Paid	39	38,627,426	22,316,323
General Expenses	40	27,965,722	16,382,883
Loss on Disposal of Property, Plant and Equipment		1,799,189	28,223
Total Expenditure		521,436,640	452,773,523
SURPLUS / (DEFICIT) FOR THE YEAR		207,927,714	195,754,845

Refer to Appendix E(1) for explanation of budget variances

MOGALAKWENA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

Description	Revaluation	Total for Accumulated Surplus/(Deficit) Account	Total
	Reserve	R	
2011			
Balance at 30 June 2010	-	856,355,880	856,355,880
Change in Accounting Policy (Note 42)		-	-
Correction of Error (Note 43)	-	-	-
Restated Balance	-	856,355,880	856,355,880
Surplus / (Deficit) for the year		195,754,845	195,754,845
Contributions to Funds and Reserves		-	-
Interest allocated to Funds and Reserves		-	-
Donated / Contributed PPE		-	-
Grants utilised to obtain PPE		-	-
Funds and Reserves utilised to finance PPE		-	-
Asset disposals	-	-	-
Offsetting of Depreciation	-	-	-
Balance at 30 June 2011	-	1,052,110,725	1,052,110,725
2012			
Change in Accounting Policy (Note 42)		-	-
Correction of Error (Note 43)		-	-
Restated Balance	-	1,052,110,725	1,052,110,725
Surplus / (Deficit) for the year		207,927,714	207,927,714
Contributions to Funds and Reserves		-	-
Interest allocated to Funds and Reserves		-	-
Donated / Contributed PPE		-	-
Grants utilised to obtain PPE		-	-
Funds and Reserves utilised to finance PPE		-	-
Asset disposals	-	-	-
Offsetting of Depreciation	-	-	-
Balance at 30 June 2012	-	1,260,038,440	1,260,038,440

Details on the movement of the Funds and Reserves are set out in Note 24.

MOGALAKWENA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

		Actual	
	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	25	34,138,368	31,827,667
Government Grant and Subsidies	26	301,315,192	320,139,162
Public Contributions and Donations	27	13,689,311	8,401,556
Service Charges	28	169,620,001	143,819,023
Interest Received	30	24,859,260	15,925,024
Other Receipts		222,434,303	132,424,403
Payments			
Employee Related Costs	32	(149,219,401)	(135,458,950)
Remuneration of Councillors	33	(15,107,713)	(13,246,031)
Interest Paid	36	(16,293)	-
Suppliers Paid		(170,171,862)	(159,036,277)
Other Payments		(71,603,050)	(50,208,116)
NET CASH FLOWS FROM OPERATING ACTIVITIES		359,938,116	294,587,460
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(158,113,721)	(192,659,133)
Purchase of Intangible Assets	11	(1,105,678)	(60,927)
Proceeds on Disposal of Property, Plant and Equipment		1,604,803	(16,202)
Proceeds on Disposal of Heritage Assets		-	16,202
Profit on Sale of Land		4,532,476	6,747,229
Decrease / (Increase) in Long-term Receivables	14	859,861	166,259
NET CASH FLOWS FROM INVESTING ACTIVITIES		(152,222,259)	(185,806,571)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	21	-	-
Repayment of Borrowings	21	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	207,715,857	108,780,889
Cash and Cash Equivalents at Beginning of Period		294,034,627	185,253,738
Cash and Cash Equivalents at End of Period		501,750,484	294,034,627

MOGALAKWENA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2012

30 June 2012

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL POSITION	R	R	R	R	R	R	R	R	R
Current Assets									
 Inventories									
Inventories	6,138,285	2,575,587	-	8,713,872	9,110,318	-	396,446	104.55	148.42
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	29,395,880	2,905,990	-	32,301,870	31,396,148	-	(905,722)	97.20	106.80
Receivables from Non-exchange Transactions	27,124,951	(8,421,451)	-	18,703,500	30,604,927	-	11,901,427	163.63	112.83
VAT Receivable	10,718,940	-	-	10,718,940	7,495,337	-	(3,223,603)	69.93	69.93
Cash and Cash Equivalents	206,736,017	87,298,610	-	294,034,627	501,750,484	-	207,715,857	170.64	242.70
Operating Lease Receivables	-	-	-	-	111,239	-	111,239	0.00	0.00
Current Portion of Long-term Receivables	5,267,233	1,058,954	-	6,326,187	6,387,461	-	61,274	100.97	121.27
Non-Current Assets									
 Property, Plant and Equipment									
Property, Plant and Equipment	829,580,777	63,584,798	-	893,165,575	1,010,210,300	-	117,044,725	113.10	121.77
Intangible Assets	6,010,016	-	-	6,010,016	1,209,765	-	(4,800,251)	20.13	20.13
Investment Property	4,864,000	(1,766,123)	-	3,097,877	3,006,244	-	(91,633)	97.04	61.81
Heritage Assets	5,736,342	-	-	5,736,342	5,736,342	-	(0)	100.00	100.00
Long-term Receivables	3,074,759	(229,475)	-	2,845,284	2,289,574	-	(555,710)	80.47	74.46
Total Assets	1,134,647,200	147,006,890	-	1,281,654,090	1,609,308,139	-	327,654,049	125.56	141.83
Current Liabilities									
 Consumer Deposits									
Consumer Deposits	2,999,218	16,707,453	-	19,706,671	19,661,194	-	(45,477)	99.77	655.54
Provisions	428,588	3,079,601	-	3,508,189	3,010,153	-	(498,036)	85.80	702.34
Payables	79,537,692	(3,707,549)	-	75,830,143	70,589,856	-	(5,240,287)	93.09	88.75
Unspent Conditional Grants and Receipts	36,588,166	50,792,698	-	87,380,864	172,966,526	-	85,585,662	197.95	472.74
Non-Current Liabilities									
 Retirement Benefit Liabilities									
Retirement Benefit Liabilities	27,034,552	9,121,554	-	36,156,106	42,973,441	-	6,817,335	118.86	158.96
Non-current Provisions	9,750,000	-	-	9,750,000	10,425,117	-	675,117	106.92	106.92
Total Liabilities	156,338,216	75,993,757	-	232,331,973	319,626,287	-	87,294,314	137.57	204.45
Total Assets and Liabilities	978,308,984	71,013,133	-	1,049,322,117	1,289,681,852	-	240,359,735	122.91	131.83
Net Assets (Equity)									
 Accumulated Surplus / (Deficit)									
Accumulated Surplus / (Deficit)	978,308,984	71,013,133	-	1,049,322,117	1,260,038,440	-	210,716,323	120.08	128.80
Total Net Assets	978,308,984	71,013,133	-	1,049,322,117	1,260,038,440	-	210,716,323	120.08	128.80
					29,643,412		29,643,412		

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE	R	R	R	R	R	R	R	R	R
Revenue from Non-exchange Transactions									
Property Rates	38,233,139	-	-	38,233,139	38,795,308	-	562,169	101.47	101.47
Fines	1,307,538	-	-	1,307,538	1,145,537	-	(162,001)	87.61	87.61
Licences and Permits	80,000	-	-	80,000	67,550	-	(12,450)	84.44	84.44
Income for Agency Services	6,633,990	-	-	6,633,990	8,945,566	-	2,311,576	134.84	134.84
Government Grants and Subsidies Received	415,620,336	105,074,763	-	520,695,099	241,273,156	-	(279,421,943)	46.34	58.05
Public Contributions and Donations	1,937,856	13,900,000	-	15,837,856	14,772,113	-	(1,065,743)	93.27	762.29
Revenue from Exchange Transactions									
Service Charges	214,189,011	-	-	214,189,011	216,313,192	-	2,124,181	100.99	100.99
Rental of Facilities and Equipment	778,735	-	-	778,735	1,029,828	-	251,093	132.24	132.24
Interest Earned - External Investments	10,883,221	6,116,779	-	17,000,000	24,859,260	-	7,859,260	146.23	228.42
Interest Earned - Outstanding Debtors	2,157,100	-	-	2,157,100	23,074,189	-	20,917,089	1,069.69	1,069.69
Other Income	2,103,572	2,413,612	-	4,517,184	9,184,141	-	4,666,957	203.32	436.60
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	827,142	-	827,142	0.00	0.00
Profit on Sale of Land	4,000,000	-	-	4,000,000	4,532,476	-	532,476	113.31	113.31
Total Revenue	697,924,498	127,505,154	-	825,429,652	584,819,459	-	(240,610,193)	70.85	83.79
Expenditure									
Employee Related Costs	170,034,499	424,500	-	170,458,999	155,186,871	-	(15,272,128)	91.04	91.27
Remuneration of Councillors	15,180,875	-	-	15,180,875	15,107,713	-	(73,162)	99.52	99.52
Collection Costs	185,000	-	-	185,000	118,575	-	(66,425)	64.09	64.09
Depreciation and Amortisation	58,226,865	-	-	58,226,865	46,291,144	-	(11,935,721)	79.50	79.50
Impairment Losses	36,784,552	7,837,590	-	44,622,142	43,538,102	-	(1,084,040)	97.57	118.36
Repairs and Maintenance	55,309,307	457,675	-	55,766,982	56,546,309	779,327	779,327	101.40	102.24
Finance Costs	-	-	-	-	16,293	16,293	16,293	0.00	0.00
Bulk Purchases	131,640,000	(5,600,000)	-	126,040,000	122,946,781	-	(3,093,219)	97.55	93.40
Contracted Services	19,702,200	(1,984,622)	-	17,717,578	13,292,516	-	(4,425,062)	75.02	67.47
Grants and Subsidies Paid	20,589,231	12,161,100	-	32,750,331	38,627,426	5,877,095	5,877,095	117.95	187.61
General Expenses	38,275,729	6,155,177	-	44,430,906	27,965,722	-	(16,465,184)	62.94	73.06
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	1,799,189	1,799,189	1,799,189	0.00	0.00
Total Expenditure	545,928,258	19,451,420	-	565,379,678	521,436,640	8,471,903	(43,943,038)	92.23	95.51
Surplus/(Deficit)									
Transfers Recognised - Capital	151,996,240	108,053,734	-	260,049,974	63,382,818	(8,471,903)	(196,667,156)	24.37	41.70
Surplus/(Deficit for the Year)	151,996,240	108,053,734	-	260,049,974	207,927,714	136,072,993	(52,122,260)	79.96	136.80

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION	R	R	R	R	R	R	R	R	R
Executive and Council	486,853	2,413,121	-	2,899,974	2,514,443	-	(385,531)	86.71	516.47
Finance and Administration	1,566,968	3,140,418	-	4,707,386	1,794,952	-	(2,912,434)	38.13	114.55
Planning and Development	259,965	319,486	-	579,451	237,903	-	(341,548)	41.06	91.51
Community and Social Services	9,266,339	4,490,498	-	13,756,837	14,182,575	425,738	425,738	103.09	153.05
Housing	-	370,000	-	370,000	-	-	(370,000)	0.00	0.00
Public Safety	1,119,600	2,020,491	-	3,140,091	1,396,325	-	(1,743,766)	44.47	124.72
Sport and Recreation	27,158,357	2,240,122	-	29,398,479	15,619,373	-	(13,779,106)	53.13	57.51
Environmental Protection	3,000	3,500	-	6,500	6,497	-	(3)	99.96	216.58
Waste Management	15,317,236	866,570	-	16,183,806	9,038,618	-	(7,145,188)	55.85	59.01
Roads and Transport	86,223,155	(31,519)	-	86,191,636	57,262,608	-	(28,929,028)	66.44	66.41
Water	83,133,207	39,198,446	-	122,331,653	49,799,865	-	(72,531,788)	40.71	59.90
Electricity	24,031,761	(4,185,847)	-	19,845,914	7,338,561	-	(12,507,353)	36.98	30.54
Other	900	47,100	-	48,000	27,677	-	(20,323)	57.66	3,075.21
Total Sources of Capital Funds	248,567,341	50,892,386	-	299,459,727	159,219,398	425,738	(140,240,329)	53.17	64.05
CASH FLOW									
Cash Flows from/(used in) Operating Activities									
Property Rates	35,329,644	4,215,898	-	39,545,542	34,138,368	-	(5,407,174)	86.33	96.63
Grants	351,227,459	130,108,539	-	481,335,998	301,315,192	-	(180,020,806)	62.60	85.79
Public Contributions and Donations	-	-	-	-	13,689,311	13,689,311	-	0.00	0.00
Service Charges	191,189,011	53,000,000	-	244,189,011	169,620,001	-	(74,569,010)	69.46	88.72
Interest Received	8,250,000	8,750,000	-	17,000,000	24,859,260	7,859,260	7,859,260	146.23	301.32
Other Receipts	-	(19,706,671)	-	(19,706,671)	222,434,303	242,140,974	242,140,974	0.00	0.00
Employee Related Costs	(170,034,499)	-	-	(170,034,499)	(149,219,401)	20,815,098	20,815,098	0.00	0.00
Remuneration of Councillors	(15,180,875)	-	-	(15,180,875)	(15,107,713)	73,162	73,162	0.00	0.00
Interest Paid	(520,000)	520,000	-	-	(16,293)	-	(16,293)	0.00	0.00
Suppliers Paid	(273,361,192)	(103,519,717)	-	(376,880,909)	(170,171,862)	206,709,047	206,709,047	0.00	0.00
Other Payments	(1,785,487)	(455,649)	-	(2,241,136)	(71,603,050)	-	(69,361,914)	0.00	0.00
Cash Flows from/(used in) Investing Activities									
Purchase of Property, Plant and Equipment	(65,052,999)	(210,046,079)	-	(275,099,078)	(158,113,721)	116,985,357	116,985,357	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	(1,105,678)	-	(1,105,678)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	1,604,803	1,604,803	1,604,803	0.00	0.00
Proceeds on Disposal of Heritage Assets	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	-	4,000,000	-	4,000,000	4,532,476	532,476	532,476	113.31	0.00
Decrease / (Increase) in Long-term Receivables	-	221,529,244	-	221,529,244	859,861	-	(220,669,383)	0.39	0.00
Cash Flows from/(used in) Financing Activities									
New Loans raised	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	-	-	-	-	-	-	-	0.00	0.00
Cash and Cash Equivalents at End of the Year	60,061,062	88,395,565	-	148,456,627	207,715,857	610,409,487	59,259,230	139.92	345.84

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
Financial Position: Explanation of Variances between Approved Budget and Actual									
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:									
Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be									
Financial Performance: Explanation of Variances between Approved Budget and Actual									
For reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance, please refer to Annexure "E (1)".									
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual									
For reasons for Variances greater than 10% between Approved Budget and Actual Amount, please refer to Annexure "E (2)".									
Cash Flow: Explanation of Variances between Approved Budget and Actual									
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:									
Proper procedures to budget for Cash Flow have not been developed and implemented. Furthermore, the system utilised does not carry budget for Cash Flow and no budgetary control can be performed.									

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R

30 June 2011

FINANCIAL POSITION									
Current Assets									
Inventories	9,000,000	(3,419,741)	-	5,580,259	8,402,622	-	2,822,363	150.58	93.36
Non-current Assets Held-for-Sale	-	-	-	-	311,250	-	311,250	0.00	0.00
Receivables from Exchange Transactions	38,992,000	(12,832,975)	-	26,159,025	25,609,890	-	(549,135)	97.90	65.68
Receivables from Non-exchange Transactions	4,000,000	16,621,452	-	20,621,452	26,470,704	-	5,849,252	128.36	661.77
VAT Receivable	-	8,391,394	-	8,391,394	12,423,537	-	4,032,143	148.05	0.00
Cash and Cash Equivalents	117,000,000	68,253,738	-	185,253,738	294,034,627	-	108,780,889	158.72	251.31
Operating Lease Receivables	-	79,980	-	79,980	56,877	-	(23,103)	71.11	0.00
Current Portion of Long-term Receivables	1,300,000	3,881,575	-	5,181,575	6,330,872	-	1,149,297	122.18	486.99
Non-Current Assets									
Property, Plant and Equipment	804,820,000	(58,846,014)	-	745,973,986	900,295,565	-	154,321,579	120.69	111.86
Intangible Assets	-	1,126,016	-	1,126,016	621,319	-	(504,697)	55.18	0.00
Investment Property	5,000,000	(136,000)	-	4,864,000	3,097,877	-	(1,766,123)	63.69	61.96
Heritage Assets	-	-	-	-	5,736,342	-	5,736,342	0.00	0.00
Long-term Receivables	-	2,900,716	-	2,900,716	2,840,599	-	(60,117)	97.93	0.00
Total Assets	980,112,000	26,020,141	-	1,006,132,141	1,286,232,080	-	280,099,939	127.84	131.23
Current Liabilities									
Consumer Deposits	11,700,000	1,594,405	-	13,294,405	19,706,671	-	6,412,266	148.23	168.43
Provisions	2,000,000	(100,014)	-	1,899,986	3,508,189	-	1,608,203	184.64	175.41
Payables	90,000,000	(37,485,165)	-	52,514,835	48,453,081	-	(4,061,754)	92.27	53.84
Unspent Conditional Grants and Receipts	-	39,459,438	-	39,459,438	87,380,864	-	47,921,426	221.44	0.00
Non-Current Liabilities									
Retirement Benefit Liabilities	-	30,415,468	-	30,415,468	38,011,209	-	7,595,741	124.97	0.00
Non-current Provisions	-	5,955,132	-	5,955,132	7,894,897	-	1,939,765	132.57	0.00
Total Liabilities	103,700,000	39,839,264	-	143,539,264	204,954,910	-	61,415,646	142.79	197.64
Total Assets and Liabilities	876,412,000	(13,819,123)	-	862,592,877	1,081,277,169	-	218,684,292	125.35	123.38
Net Assets (Equity)									
Accumulated Surplus / (Deficit)	876,412,000	(13,819,123)	-	862,592,877	1,052,110,725	-	189,517,848	121.97	120.05
Total Net Assets	876,412,000	(13,819,123)	-	862,592,877	1,052,110,725	-	189,517,848	121.97	120.05

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE	R	R	R	R	R	R	R	R	R
Revenue from Non-exchange Transactions									
Property Rates	32,307,437	-	-	32,307,437	35,268,655	-	2,961,218	109.17	109.17
Fines	1,189,079	-	-	1,189,079	1,404,133	-	215,054	118.09	118.09
Licences and Permits	76,855	-	-	76,855	68,910	-	(7,945)	89.66	89.66
Income for Agency Services	6,347,313	-	-	6,347,313	8,214,097	-	1,866,784	129.41	129.41
Government Grants and Subsidies Received	400,384,917	-	-	400,384,917	203,561,882	-	(196,823,035)	50.84	50.84
Public Contributions and Donations	(8,000)	-	-	(8,000)	8,401,556	-	8,409,556	0.00	0.00
Revenue from Exchange Transactions									
Service Charges	186,566,938	-	-	186,566,938	180,380,049	-	(6,186,889)	96.68	96.68
Rental of Facilities and Equipment	816,205	-	-	816,205	720,039	-	(96,166)	88.22	88.22
Interest Earned - External Investments	13,000,000	-	-	13,000,000	15,925,024	-	2,925,024	122.50	122.50
Interest Earned - Outstanding Debtors	2,120,000	-	-	2,120,000	17,229,336	-	15,109,336	812.70	812.70
Other Income	2,705,066	-	-	2,705,066	6,108,752	-	3,403,686	225.83	225.83
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	4,166,767	-	-	4,166,767	6,747,229	-	2,580,462	161.93	161.93
Total Revenue	649,672,577	-	-	649,672,577	484,029,662	-	(165,642,915)	74.50	74.50
Expenditure									
Employee Related Costs	152,864,589	-	-	152,864,589	145,456,584	-	(7,408,005)	95.15	95.15
Remuneration of Councillors	14,483,810	-	-	14,483,810	13,246,031	-	(1,237,779)	91.45	91.45
Collection Costs	100,000	-	-	100,000	90,502	-	(9,498)	90.50	90.50
Depreciation and Amortisation	44,191,038	-	-	44,191,038	42,380,634	-	(1,810,404)	95.90	95.90
Impairment Losses	32,193,880	-	-	32,193,880	37,288,231	5,094,351	5,094,351	115.82	115.82
Repairs and Maintenance	66,415,744	-	-	66,415,744	61,763,678	-	(4,652,066)	93.00	93.00
Finance Costs	-	-	-	-	-	-	-	0.00	0.00
Bulk Purchases	106,200,000	-	-	106,200,000	101,289,628	-	(4,910,372)	95.38	95.38
Contracted Services	13,828,009	-	-	13,828,009	12,530,808	-	(1,297,201)	90.62	90.62
Grants and Subsidies Paid	29,185,553	-	-	29,185,553	22,316,323	-	(6,869,230)	76.46	76.46
General Expenses	25,855,104	-	-	25,855,104	16,382,883	-	(9,472,221)	63.36	63.36
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	28,223	28,223	28,223	0.00	0.00
Total Expenditure	485,317,727	-	-	485,317,727	452,773,523	5,122,573	(32,544,204)	93.29	93.29
Surplus/(Deficit)									
Transfers Recognised - Capital	164,354,850	-	-	164,354,850	31,256,139	(5,122,573)	(133,098,711)	19.02	19.02
	-	-	-	-	164,498,706	164,498,706	164,498,706	0.00	0.00
Surplus/(Deficit for the Year)	164,354,850	-	-	164,354,850	195,754,845	159,376,133	31,399,995	119.11	119.11

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION	R	R	R	R	R	R	R	R	R
Executive and Council	486,853	-	-	486,853	378,443	-	(108,410)	77.73	77.73
Finance and Administration	1,566,968	-	-	1,566,968	2,166,260	599,292	599,292	138.25	138.25
Planning and Development	259,965	-	-	259,965	119,365	-	(140,600)	45.92	45.92
Community and Social Services	9,266,339	-	-	9,266,339	3,065,979	-	(6,200,360)	33.09	33.09
Housing	-	-	-	-	-	-	-	0.00	0.00
Public Safety	1,119,600	-	-	1,119,600	927,044	-	(192,556)	82.80	82.80
Sport and Recreation	27,158,357	-	-	27,158,357	9,663,130	-	(17,495,227)	35.58	35.58
Environmental Protection	3,000	-	-	3,000	2,550	-	(450)	85.00	85.00
Waste Management	15,317,236	-	-	15,317,236	13,861,276	-	(1,455,960)	90.49	90.49
Roads and Transport	86,223,155	-	-	86,223,155	82,090,061	-	(4,133,094)	95.21	95.21
Water	83,133,207	-	-	83,133,207	60,836,073	-	(22,297,134)	73.18	73.18
Electricity	24,031,761	-	-	24,031,761	19,609,081	-	(4,422,680)	81.60	81.60
Other	900	-	-	900	798	-	(102)	88.69	88.69
Total Sources of Capital Funds	248,567,341	-	-	248,567,341	192,720,059	599,292	(55,847,282)	77.53	77.53
CASH FLOW									
Cash Flows from/(used in) Operating Activities									
Property Rates	483,182,365	175,716,213	-	658,898,578	31,827,667	-	(627,070,911)	4.83	6.59
Grants	-	-	-	-	320,139,162	320,139,162	320,139,162	0.00	0.00
Public Contributions and Donations	-	-	-	-	8,401,556	8,401,556	8,401,556	0.00	0.00
Service Charges	-	-	-	-	143,819,023	143,819,023	143,819,023	0.00	0.00
Interest Received	12,630,000	370,000	-	13,000,000	15,925,024	2,925,024	2,925,024	122.50	126.09
Other Receipts	-	-	-	-	132,424,403	132,424,403	132,424,403	0.00	0.00
Employee Related Costs	-	-	-	-	(135,458,950)	-	(135,458,950)	0.00	0.00
Remuneration of Councillors	-	-	-	-	(13,246,031)	-	(13,246,031)	0.00	0.00
Interest Paid	-	(600,000)	-	(600,000)	-	600,000	600,000	0.00	0.00
Suppliers Paid	(366,689,000)	(118,693,098)	-	(485,382,098)	(159,036,277)	326,345,821	326,345,821	0.00	0.00
Other Payments	-	-	-	-	(50,208,116)	-	(50,208,116)	0.00	0.00
Cash Flows from/(used in) Investing Activities									
Purchase of Property, Plant and Equipment	(150,000,000)	38,358,174	-	(111,641,826)	(192,659,133)	-	(81,017,307)	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	(60,927)	-	(60,927)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	(16,202)	-	(16,202)	0.00	0.00
Proceeds on Disposal of Heritage Assets	-	-	-	-	16,202	16,202	16,202	0.00	0.00
Profit on Sale of Land	-	-	-	-	6,747,229	6,747,229	6,747,229	0.00	0.00
Decrease / (Increase) in Long-term Receivables	527,000	(527,000)	-	-	166,259	166,259	166,259	0.00	31.55
Cash Flows from/(used in) Financing Activities									
New Loans raised	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	-	-	-	-	-	-	-	0.00	0.00
Cash and Cash Equivalents at End of the Year	(20,349,635)	94,624,289	-	74,274,654	108,780,889	941,584,678	34,506,235	146.46	0.00

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
Financial Position: Explanation of Variances between Approved Budget and Actual									
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:									
Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be									
Financial Performance: Explanation of Variances between Approved Budget and Actual									
For reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance, please refer to Annexure "E (1)".									
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual									
For reasons for Variances greater than 10% between Approved Budget and Actual Amount, please refer to Annexure "E (2)".									
Cash Flow: Explanation of Variances between Approved Budget and Actual									
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:									
Proper procedures to budget for Cash Flow have not been developed and implemented. Furthermore, the system utilised does not carry budget for Cash Flow and no budgetary control can be performed.									

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2011/12	2010/11
Net surplus/(deficit) per the statement of financial performance	207,927,714	195,754,845
Revenue from Non-exchange Transactions		
Property Rates	(562,169)	(2,961,218)
Fines	162,001	(215,054)
Licences and Permits	12,450	7,945
Revenue for Agency Services	(2,311,576)	(1,866,784)
Government Grants and Subsidies Received	134,877,047	32,324,329
Public Contributions and Donations	1,065,743	(8,409,556)
Revenue from Exchange Transactions		
Service Charges	(2,124,181)	6,186,889
Rental of Facilities and Equipment	(251,093)	96,166
Interest Earned - External Investments	(7,859,260)	(2,925,024)
Interest Earned - Outstanding Debtors	(20,917,089)	(15,109,336)
Other Revenue	(4,666,957)	(3,403,686)
Gains on Disposal of Property, Plant and Equipment	(827,142)	-
Profit on Sale of Land	(532,476)	(2,580,462)
Expenditure		
Employee Related Costs	(15,272,128)	(7,408,005)
Remuneration of Councillors	(73,162)	(1,237,779)
Collection Costs	(66,425)	(9,498)
Depreciation and Amortisation	(11,935,721)	(1,810,404)
Impairment Losses	(1,084,040)	5,094,351
Repairs and Maintenance	779,327	(4,652,066)
Finance Costs	16,293	-
Bulk Purchases	(3,093,219)	(4,910,372)
Contracted Services	(4,425,062)	(1,297,201)
Grants and Subsidies Paid	5,877,095	(6,869,230)
General Expenses	(16,465,184)	(9,472,221)
Loss on Disposal of Property, Plant and Equipment	1,799,189	28,223
Net surplus/deficit per approved budget	260,049,974	164,354,850

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

1. GENERAL INFORMATION

Mogalakwena Municipality (the municipality) is a local government institution in Mokopane, Limpopo Province, and is one of six local municipalities under the jurisdiction of the Waterberg District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumable Stores - at cost	7,770,490	7,024,154
Property Stock	1,211,330	1,249,540
Water - at cost	128,498	128,929
Total Inventories	<u>9,110,318</u>	<u>8,402,622</u>

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water production for the year amounted to R4,21 per kilolitre (2011: R3,88 per kilolitre).

The cost of Inventories recognised as an expense during the period was R10 094 125 (2011: R10 289 287).

Inventories of R2 193 447 (2011: R1 715 454) are expected to be utilised only after more than twelve months.

Inventories of R3 923 242 (2011: R3 863 098) are held as spare parts for infrastructure assets and have been transferred to Property, Plant and Equipment.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

Property Held-for-Sale - at cost	-	311,250
Net Non-current Assets Held-for-Sale	<u>-</u>	<u>311,250</u>

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Service Debtors:			
Electricity	140,997,358	120,840,475	20,156,882
Refuse	28,295,050	16,321,196	11,973,854
Sewerage	23,756,745	21,889,858	1,866,887
Water	17,042,453	14,162,660	2,879,793
Other Receivables	71,903,110	68,466,762	3,436,348
	96,667,403	85,428,137	11,239,266
Total Receivables from Exchange Transactions	<u>237,664,761</u>	<u>206,268,613</u>	<u>31,396,148</u>

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R	
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Service Debtors:			
Electricity	114,187,686	96,724,330	17,463,356
Refuse	24,876,091	15,304,734	9,571,358
Sewerage	20,076,677	18,400,135	1,676,542
Water	14,462,139	11,844,835	2,617,304
Other Receivables	54,772,779	51,174,626	3,598,153
	76,783,884	68,637,350	8,146,534
Total Receivables from Exchange Transactions	190,971,570	165,361,680	25,609,890

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2012, the municipality is owed R28,285,354 (30 June 2011: R24,325,171) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<i>Electricity:</i>					
Gross Balances	11,877,405	6,369,282	1,492,026	8,556,336	28,295,050
Less: Provision for Impairment	393,948	6,107,351	1,447,372	8,372,524	16,321,196
Net Balances	11,483,457	261,931	44,654	183,812	11,973,854
<i>Refuse:</i>					
Gross Balances	789,034	681,133	506,221	21,780,357	23,756,745
Less: Provision for Impairment	235,102	623,601	486,193	20,544,961	21,889,858
Net Balances	553,932	57,532	20,028	1,235,396	1,866,887
<i>Sewerage:</i>					
Gross Balances	745,778	514,798	390,452	15,391,426	17,042,453
Less: Provision for Impairment	182,641	478,448	354,686	13,146,884	14,162,660
Net Balances	563,136	36,350	35,765	2,244,541	2,879,793
<i>Water:</i>					
Gross Balances	3,550,888	2,577,120	2,245,234	63,529,869	71,903,110
Less: Provision for Impairment	1,178,143	2,451,496	2,224,220	62,612,903	68,466,762
Net Balances	2,372,744	125,624	21,014	916,966	3,436,348
<i>Other Receivables:</i>					
Gross Balances	1,265,787	2,306,252	2,251,631	90,843,732	96,667,403
Less: Provision for Impairment	440,616	2,093,063	2,056,692	80,837,767	85,428,137
Net Balances	825,171	213,190	194,939	10,005,966	11,239,266

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

As at 30 June Receivables of R15,597,708 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	12,448,586	6,885,564	200,101,720	219,435,869
Less: Provision for Impairment	11,753,959	6,569,164	185,515,039	203,838,161
Net Balances	694,627	316,400	14,586,681	15,597,708

As at 30 June 2011

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Electricity:

Gross Balances	9,602,563	5,780,784	1,367,246	8,125,499	24,876,091
Less: Provision for Impairment	614,671	5,352,592	1,356,330	7,981,141	15,304,734
Net Balances	8,987,892	428,192	10,915	144,358	9,571,358

Refuse:

Gross Balances	726,459	635,522	522,531	18,192,164	20,076,677
Less: Provision for Impairment	178,400	609,992	499,659	17,112,083	18,400,135
Net Balances	548,059	25,530	22,872	1,080,081	1,676,542

Sewerage:

Gross Balances	695,248	523,197	374,148	12,869,547	14,462,139
Less: Provision for Impairment	108,818	486,554	339,922	10,909,541	11,844,835
Net Balances	586,430	36,643	34,225	1,960,006	2,617,304

Water:

Gross Balances	2,602,715	3,070,637	1,565,929	47,533,498	54,772,779
Less: Provision for Impairment	479,439	2,642,641	1,410,693	46,641,853	51,174,626
Net Balances	2,123,276	427,996	155,236	891,645	3,598,153

Other Receivables:

Gross Balances	2,292,074	2,380,925	2,165,144	69,945,741	76,783,884
Less: Provision for Impairment	825,658	2,198,928	1,989,322	63,623,443	68,637,350
Net Balances	1,466,416	181,998	175,822	6,322,298	8,146,534

As at 30 June Receivables of R11,897,816 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	

All Receivables:

Gross Balances	12,391,066	5,994,997	156,666,448	175,052,512
Less: Provision for Impairment	11,290,707	5,595,927	146,268,061	163,154,695
Net Balances	1,100,359	399,070	10,398,387	11,897,816

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R	
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2012				
<i>Current:</i>				
0 - 30 days		10,097,951	7,028,511	1,102,430
<i>Past Due:</i>				
31 - 60 Days		9,019,668	2,734,290	694,627
61 - 90 Days		5,450,805	1,118,359	316,400
+ 90 Days		176,286,984	9,228,055	14,586,681
Sub-total		<u>200,855,408</u>	<u>20,109,215</u>	<u>16,700,138</u>
Less: Provision for Impairment		192,374,206	13,894,407	-
Total Trade Receivables by Customer Classification		<u>8,481,202</u>	<u>6,214,809</u>	<u>16,700,138</u>

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2011				
<i>Current:</i>				
0 - 30 days		8,907,735	5,968,143	1,043,181
<i>Past Due:</i>				
31 - 60 Days		8,324,302	3,307,320	759,444
61 - 90 Days		4,712,328	1,007,757	274,912
+ 90 Days		137,520,056	6,922,713	12,223,679
Sub-total		<u>159,464,421</u>	<u>17,205,933</u>	<u>14,301,217</u>
Less: Provision for Impairment		149,257,100	16,104,580	-
Total Trade Receivables by Customer Classification		<u>10,207,321</u>	<u>1,101,352</u>	<u>14,301,217</u>

	2012 R	2011 R
4.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	165,361,680	131,219,144
Impairment Losses recognised	40,906,932	34,185,396
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	(42,860)
Amounts recovered	-	-
Balance at end of year	<u>206,268,613</u>	<u>165,361,680</u>

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

206,268,613 **165,361,680**

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
4.4 Ageing of impaired Receivables from Exchange Transactions		
<i>Current:</i>		
0 - 30 Days	2,430,451	2,206,985
<i>Past Due:</i>		
31 - 60 Days	11,753,959	11,290,707
61 - 90 Days	6,569,164	5,595,927
+ 90 Days	185,515,039	146,268,061
Total	206,268,613	165,361,680

4.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Assessment Rates Debtors	52,296,753	38,168,898	14,127,855
Sundry Deposits	664,828	-	664,828
Sundry Debtors	4,090,048	-	4,090,048
Accruals	336,733	-	336,733
Recoverable Works	11,385,463	-	11,385,463
Total Receivables from Non-exchange Transactions	68,773,825	38,168,898	30,604,927
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Assessment Rates Debtors	47,639,813	35,228,893	12,410,920
Sundry Deposits	463,060	-	463,060
Sundry Debtors	2,262,100	-	2,262,100
Accruals	370,826	-	370,826
Recoverable Works	10,963,798	-	10,963,798
Total Receivables from Non-exchange Transactions	61,699,596	35,228,893	26,470,704

Sundry Deposits are in respect of cash deposits made to Eskom for the supply of electricity.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality. Included in Sundry Debtors is an amount of R8 285 648 (2011: R8 886 588) in respect of the consumption of metered services not billed as at 30 June.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Assessment Rates:

Gross Balances	3,194,515	2,043,214	1,701,966	45,357,058	52,296,753
Less: Provision for Impairment	450,331	1,832,758	1,436,246	34,449,563	38,168,898
Net Balances	2,744,183	210,457	265,720	10,907,495	14,127,855

Sundry Deposits:

Gross Balances	664,828	-	-	-	664,828
Less: Provision for Impairment	-	-	-	-	-
Net Balances	664,828	-	-	-	664,828

Sundry Debtors:

Gross Balances	4,090,048	-	-	-	4,090,048
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4,090,048	-	-	-	4,090,048

Accruals:

Gross Balances	336,733	-	-	-	336,733
Less: Provision for Impairment	-	-	-	-	-
Net Balances	336,733	-	-	-	336,733

Recoverable Works:

Gross Balances	11,385,463	-	-	-	11,385,463
Less: Provision for Impairment	-	-	-	-	-
Net Balances	11,385,463	-	-	-	11,385,463

As at 30 June Receivables of R11,383,671 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	2,043,214	1,701,966	45,357,058	49,102,238
Less: Provision for Impairment	1,832,758	1,436,246	34,449,563	37,718,567
Net Balances	210,457	265,720	10,907,495	11,383,671

As at 30 June 2011

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Assessment Rates:

Gross Balances	2,839,100	1,825,989	940,645	42,034,078	47,639,813
Less: Provision for Impairment	304,505	1,682,208	807,332	32,434,848	35,228,893
Net Balances	2,534,595	143,782	133,313	9,599,230	12,410,920

Sundry Deposits:

Gross Balances	463,060	-	-	-	463,060
Less: Provision for Impairment	-	-	-	-	-
Net Balances	463,060	-	-	-	463,060

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Sundry Debtors:		
Gross Balances	2,262,100	-
Less: Provision for Impairment	-	-
Net Balances	2,262,100	2,262,100

	2012 R	2011 R
Accruals:		
Gross Balances	370,826	-
Less: Provision for Impairment	-	-
Net Balances	370,826	370,826

	2012 R	2011 R
Recoverable Works:		
Gross Balances	10,963,798	-
Less: Provision for Impairment	-	-
Net Balances	10,963,798	10,963,798

As at 30 June Receivables of R9,876,325 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

	2012 R	2011 R	2010 R
All Receivables:			
Gross Balances	1,825,989	940,645	42,034,078
Less: Provision for Impairment	1,682,208	807,332	32,434,848
Net Balances	143,782	133,313	9,599,230
			9,876,325

5.2 Summary of Assessment Rates Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2012				
<u>Current:</u>				
0 - 30 days	1,794,266	1,198,704	201,545	-
<u>Past Due:</u>				
31 - 60 Days	1,159,487	673,271	210,457	-
61 - 90 Days	1,237,185	199,061	265,720	-
+ 90 Days	31,933,277	2,516,286	10,907,495	-
Sub-total	36,124,215	4,587,322	11,585,216	-
Less: Provision for Impairment	34,539,198	3,629,700	-	-
Total Rates Debtors by Customer Classification	1,585,017	957,622	11,585,216	-

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2011				
<u>Current:</u>				
0 - 30 days	1,552,300	1,139,169	147,630	-
<u>Past Due:</u>				
31 - 60 Days	1,067,129	615,078	143,782	-
61 - 90 Days	556,829	250,503	133,313	-
+ 90 Days	29,571,695	2,863,153	9,599,230	-
Sub-total	32,747,954	4,867,904	10,023,955	-
Less: Provision for Impairment	30,669,888	4,559,005	-	-
Total Rates Debtors by Customer Classification	2,078,066	308,899	10,023,955	-

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
5.3 Reconciliation of Provision for Impairment		
Balance at beginning of year	35,228,893	32,759,826
Impairment Losses recognised	2,940,005	2,469,067
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	<u>38,168,898</u>	<u>35,228,893</u>

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

38,168,898 35,228,893

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

6. VAT RECEIVABLE

Vat Receivable	<u>7,495,337</u>	<u>12,423,537</u>
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VAT Receivable has been restated to correctly classify amounts receivable in terms of a VAT Audit performed. Refer to Note 43.2 on "Correction of Error" for details of the restatement.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. CASH AND CASH EQUIVALENTS

Current Investments	499,108,504	262,788,944
Bank Accounts	2,617,573	31,224,278
Cash and Cash Equivalents	24,406	21,405
Total Bank, Cash and Cash Equivalents	<u>501,750,484</u>	<u>294,034,627</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
7.1 Current Investment Deposits		
Call Deposits	14,108,504	19,788,944
Notice Deposits	485,000,000	243,000,000
Total Current Investment Deposits	499,108,504	262,788,944

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3,00 % to 5,00 % (2011: 4,90% to 5,50%) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5,54 % to 5,68 % (2011: 5,40 % to 6,53 %)per annum.

Deposits attributable to Unspent Conditional Grants	172,966,526	87,380,864
Deposits attributable to Capital Replacement Reserve.	36,315,695	29,623,291
Deposits attributable to Creditors	70,589,856	48,453,081
Deposits attributable to Current Provisions	3,010,153	3,508,189
Deposits attributable to Consumer Deposits	19,661,194	19,706,671
Deposits attributable to Rehabilitation of Landfill Site	3,660,175	2,633,229
Deposits attributable to Long-service Awards	6,764,942	5,261,668
Deposits attributable to Retirement Benefits	42,973,441	38,011,209
Deposits attributable for Eskom Upgrading	32,000,000	-
Deposits attributable to Provision for Impairment	111,166,522	28,210,743
Total Deposits attributable to Commitments of the Municipality	499,108,504	262,788,944

7.2 Bank Accounts

Cash in Bank	2,617,573	31,224,278
Total Bank Accounts	2,617,573	31,224,278

The Municipality has the following bank accounts:

Primary Bank Account

Standard Bank - Mokopane Branch, Mokopane - Account Number 031 264 344:

Cash book balance at beginning of year	31,224,278	17,614,236
Cash book balance at end of year	<u>2,617,573</u>	<u>31,224,278</u>
Bank statement balance at beginning of year	18,666,364	10,127,043
Bank statement balance at end of year	<u>3,979,779</u>	<u>18,666,364</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

7.3 Cash and Cash Equivalents

Cash Floats and Advances	24,406	21,405
Total Cash on hand in Cash Floats, Advances and Equivalents	24,406	21,405

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

8. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	56,877	79,980
Operating Lease Revenue recorded	803,696	328,113
Operating Lease Revenue effected	(749,334)	(351,216)
Total Operating Lease Receivables	111,239	56,877

8.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 82 (2011: 1 to 83) years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the municipality from its investment property, all of which is leased out under operating leases, amounted to R550,871 (2011: R503,986).

8.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	677,798	232,500
2 to 5 years	1,574,692	300,810
More than 5 years	232,786	240,953
Total Operating Lease Arrangements	2,485,276	774,264

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R54,362 (2011: decrease of R23,103) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

9. CURRENT PORTION OF LONG-TERM RECEIVABLES

Debtors Capitalised Loans	4,881,611	4,871,120
Removal Cost Loans	-	4,685
Sale of Stand Loans	1,455,835	1,401,289
Study Cost Loans	50,015	53,777
Total Current Portion of Long-term Receivables	6,387,461	6,330,872

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2012

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2011	72,648,327	14,135,578	687,639,737	87,626,046	38,245,877	900,295,565
Cost	72,648,327	21,245,152	922,028,829	125,740,811	72,357,279	1,214,020,398
- <i>Completed Assets</i>	72,648,327	21,207,337	865,055,738	114,594,990	72,005,884	1,145,512,276
- <i>Under Construction</i>	-	37,815	56,973,091	11,145,821	351,395	68,508,122
Correction of error (Note 42)	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	(739,910)	(739,910)
Accumulated Depreciation:	-	(7,109,573)	(234,389,093)	(38,114,765)	(33,371,492)	(312,984,923)
- <i>Cost</i>	-	(7,109,573)	(234,389,093)	(38,114,765)	(33,371,492)	(312,984,923)
Acquisitions	-	2,330,399	72,335,560	8,606,948	10,214,279	93,487,185
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	63,359	51,561,117	11,103,029	1,899,030	64,626,536
- <i>Cost</i>	-	63,359	51,561,117	11,103,029	1,899,030	64,626,536
- <i>Borrowing Costs Capitalised</i>	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	(799,542)	(32,269,321)	(4,179,904)	(8,433,513)	(45,682,280)
- <i>Based on Cost</i>	-	(799,542)	(32,269,321)	(4,179,904)	(8,433,513)	(45,682,280)
Carrying value of Disposals:	-	-	(1,356,203)	-	(1,220,647)	(2,576,850)
- <i>Cost</i>	-	-	(2,551,712)	-	(4,256,799)	(6,808,511)
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	-	1,195,509	-	3,036,152	4,231,661
- <i>Based on Cost</i>	-	-	1,195,509	-	3,036,152	4,231,661
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- <i>Cost</i>	-	-	-	-	-	-
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	-	-	-	-	-
- <i>Based on Cost</i>	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	(37,815)	(53,018,257)	(11,145,821)	(351,395)	(64,553,288)
Other Movements	-	37,815	59,373,667	4,850,555	351,395	64,613,432
- <i>Cost</i>	-	37,815	59,373,667	4,850,555	351,395	64,613,432
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	-	-	-	-	-
- <i>Based on Cost</i>	-	-	-	-	-	-
Carrying values at 30 June 2012	72,648,327	15,729,794	784,266,299	96,860,854	40,705,025	1,010,210,300
Cost	72,648,327	23,638,910	1,049,729,204	139,155,523	80,213,788	1,365,385,752
- <i>Completed Assets</i>	72,648,327	23,575,551	994,213,253	128,052,493	78,314,759	1,296,804,383
- <i>Under Construction</i>	-	63,359	55,515,951	11,103,029	1,899,030	68,581,369
Accumulated Impairment Losses	-	-	-	-	(739,910)	(739,910)
Accumulated Depreciation:	-	(7,909,116)	(265,462,904)	(42,294,669)	(38,768,853)	(354,435,542)
- <i>Cost</i>	-	(7,909,116)	(265,462,904)	(42,294,669)	(38,768,853)	(354,435,542)

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2011

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2010	72,648,327	14,806,605	546,085,872	72,949,455	35,717,731	742,207,990
Cost	72,648,327	21,174,764	754,086,912	113,175,529	59,500,099	1,020,585,630
- <i>Completed Assets</i>	72,648,327	21,174,764	672,003,853	110,924,477	59,196,105	935,947,526
- <i>Under Construction</i>	-	-	82,083,059	2,251,052	303,994	84,638,105
Correction of error (Note 42)	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	(763,112)	-	(763,112)
Accumulated Depreciation:	-	(6,368,158)	(208,001,041)	(39,462,962)	(23,782,368)	(277,614,528)
- <i>Cost</i>	-	(6,368,158)	(208,001,041)	(39,462,962)	(23,782,368)	(277,614,528)
Acquisitions	-	32,573	113,207,995	1,495,655	13,612,301	128,348,524
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	37,815	53,079,572	11,145,821	47,401	64,310,609
- <i>Cost</i>	-	37,815	53,079,572	11,145,821	47,401	64,310,609
- <i>Borrowing Costs Capitalised</i>	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	(741,415)	(26,388,052)	(4,525,533)	(10,068,377)	(41,723,377)
- <i>Based on Cost</i>	-	(741,415)	(26,388,052)	(4,525,533)	(10,068,377)	(41,723,377)
Carrying value of Disposals:	-	-	-	-	(12,020)	(12,020)
- <i>Cost</i>	-	-	-	-	(52,522)	(52,522)
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	-	-	-	40,502	40,502
- <i>Based on Cost</i>	-	-	-	-	40,502	40,502
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	(311,250)	(311,250)
- <i>Cost</i>	-	-	-	-	(750,000)	(750,000)
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	-	-	-	438,750	438,750
- <i>Based on Cost</i>	-	-	-	-	438,750	438,750
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	(739,910)	(739,910)
Capital under Construction - Completed	-	-	(78,189,540)	(2,251,052)	-	(80,440,592)
Other Movements	-	-	79,843,890	8,811,701	-	88,655,591
- <i>Cost</i>	-	-	79,843,890	2,174,858	-	82,018,749
- <i>Accumulated Impairment Losses</i>	-	-	-	763,112	-	763,112
- <i>Accumulated Depreciation</i>	-	-	-	5,873,730	-	5,873,730
- <i>Based on Cost</i>	-	-	-	5,873,730	-	5,873,730
Carrying values at 30 June 2011	72,648,327	14,135,578	687,639,737	87,626,046	38,245,877	900,295,565
Cost	72,648,327	21,245,152	922,028,829	125,740,811	72,357,279	1,214,020,398
- <i>Completed Assets</i>	72,648,327	21,207,337	865,055,738	114,594,990	72,005,884	1,145,512,276
- <i>Under Construction</i>	-	37,815	56,973,091	11,145,821	351,395	68,508,122
Accumulated Impairment Losses	-	-	-	-	(739,910)	(739,910)
Accumulated Depreciation:	-	(7,109,573)	(234,389,093)	(38,114,765)	(33,371,492)	(312,984,923)
- <i>Cost</i>	-	(7,109,573)	(234,389,093)	(38,114,765)	(33,371,492)	(312,984,923)

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, Plant and Equipment have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 42.1 on "Change in Accounting Policy" for details of the restatement.

Furthermore, *Property, Plant and Equipment* has been restated to disclose Library Books in terms of FAQ for Entities on GRAP of 16 May 2011. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

Other movements of Property, Plant and Equipment include the transfer of Major Spare Parts to the amount of R60 144 (2011: R1 578 157) and Work-in-Progress of R64 553 288 (2011: R80 440 592) completed and transferred to Cost. The recoupment of Accumulated Depreciation and Impairment Losses due to improvements to the Swimming Pool amount to R0 (2011: R6 636 842).

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

10.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

10.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal

Other	-	311,250
Carrying Amount of PPE retired from active use and held for disposal	-	311,250

10.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

10.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R0 (2011: R739,910) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 35.

The amount disclosed for impairment losses on Property, Plant and Equipment is in respect of an individual amount of impairment losses applicable to a vehicle damaged in an accident:

Other Assets: Motor Vehicles	-	739,910
Total Impairment of Property, Plant and Equipment	-	739,910

The recoverable service amount of the relevant assets of Property, Plant and Equipment has been determined on the basis of their fair value less cost to sell. The asset has been fully impaired as it became totally redundant and idle, and therefore had a fair value of R0.

10.5 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

11 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	1,209,765	621,319

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2011	621,319	621,319
Cost	3,743,238	3,743,238
Work-in-Progress		
Accumulated Amortisation	(3,121,919)	(3,121,919)
Acquisitions:		
Purchased	1,105,678	1,105,678
Work-in-Progress	1,095,678	1,095,678
	10,000	10,000
Amortisation:		
Purchased	(517,231)	(517,231)
	(517,231)	(517,231)
Carrying values at 30 June 2012	1,209,765	1,209,765
Cost	4,838,916	4,838,916
Work-in-Progress	10,000	10,000
Accumulated Amortisation	(3,639,150)	(3,639,150)

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R	
	Computer Software	Total	
Carrying values at 01 July 2010	1,126,016	1,126,016	
Cost	3,682,311	3,682,311	
Work-in-Progress	-	-	
Accumulated Amortisation	(2,556,295)	(2,556,295)	
 Acquisitions:			
Purchased	60,927	60,927	
Work-in-Progress	60,927	60,927	
 Amortisation:			
Purchased	(565,624)	(565,624)	
 Carrying values at 30 June 2011	621,319	621,319	
Cost	3,743,238	3,743,238	
Work-in-Progress	-	-	
Accumulated Amortisation	(3,121,919)	(3,121,919)	

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 34).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

11.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

11.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

11.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
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12 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	<u>3,006,244</u>	<u>3,097,877</u>
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The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	3,097,877	3,189,509
Cost	4,564,000	4,564,000
Accumulated Depreciation	(1,466,123)	(1,374,491)

Acquisitions during the Year	-	-
Depreciation during the Year	(91,633)	(91,633)

Carrying values at 30 June	3,006,244	3,097,877
Cost	4,564,000	4,564,000
Accumulated Depreciation	(1,557,756)	(1,466,123)

Estimated Fair Value of Investment Property at 30 June	5,189,000	4,860,000
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Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	550,871	503,986
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

12.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

12.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

13 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	<u>5,736,342</u>	<u>5,736,342</u>
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The movement in Heritage Assets is reconciled as follows:

	Municipal Jewelry	Cultural Buildings	Historical Sites	National Monuments	Total
Carrying values at 01 July 2011	-	51	5,736,139	152	5,736,342
Cost	-	51	5,736,139	152	5,736,342
Accumulated Impairment	-	-	-	-	-
Acquisitions	-	-	-	-	-
Disposals:	-	-	-	-	-
At Cost	-	-	-	-	-
At Accumulated Impairment	-	-	-	-	-
Carrying values at 30 June 2012	-	51	5,736,139	152	5,736,342
Cost	-	51	5,736,139	152	5,736,342
Accumulated Impairment Losses	-	-	-	-	-

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R		
	Municipal Jewelry	Cultural Buildings	Historical Sites	National Monuments
	Total			
Carrying values at 01 July 2010	16,202	51	5,736,139	152
Cost	16,202	51	5,736,139	152
Accumulated Impairment	-	-	-	-
Acquisitions	-	-	-	-
Disposals:	(16,202)	-	-	-
At Cost	(16,202)	-	-	(16,202)
At Accumulated Impairment	-	-	-	-
Carrying values at 30 June 2011	-	51	5,736,139	152
Cost	-	51	5,736,139	152
Accumulated Impairment Losses	-	-	-	-

Heritage Assets have been restated to correctly classify amounts held for *Heritage Assets* in terms of GRAP 103, previously included in *Property, Plant and Equipment*. Refer to Note 41.2 on "Change in Accounting Policy" for details of the restatement.

All of the municipality's *Heritage Assets* are held under freehold interests and no *Heritage Assets* had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the *Heritage Assets* of the municipality.

Refer to Appendix "B" for more detail on *Intangible Assets*.

13.1 Impairment of *Heritage Assets*

No impairment losses have been recognised on *Heritage Assets* of the municipality at the reporting date.

13.2 *Heritage Assets* measured after recognition using the Revaluation Model

The municipality's *Heritage Assets* are accounted for according to the cost model and therefore no fair value has been determined.

14 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Debtors Capitalised Loans	8,360,638	1,189,453	7,171,185
Removal Cost Loans	(0)	-	(0)
Sale of Stand Loans	1,455,835	-	1,455,835
Study Cost Loans	50,015	-	50,015
	9,866,487	1,189,453	8,677,035
Less: Current Portion transferred to Current Receivables:-			6,387,461
Debtors Capitalised Loans			4,881,611
Removal Cost Loans			-
Sale of Stand Loans			1,455,835
Study Cost Loans			50,015
Total Long-term Receivables			2,289,574

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R	
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Debtors Capitalised Loans	9,206,493	1,498,288	7,708,205
Removal Cost Loans	8,199	-	8,199
Sale of Stand Loans	1,401,289	-	1,401,289
Study Cost Loans	53,777	-	53,777
	<hr/> <u>10,669,760</u>	<hr/> <u>1,498,288</u>	<hr/> <u>9,171,471</u>
Less: Current Portion transferred to Current Receivables:-			6,330,872
Debtors Capitalised Loans			4,871,120
Removal Cost Loans			4,685
Sale of Stand Loans			1,401,289
Study Cost Loans			53,777
			<hr/> <u>2,840,599</u>

Total Long-term Receivables

DEBTORS CAPITALISED

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 48 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

REMOVAL COST

The municipality pays the full removal cost of qualifying newly appointed staff of which the employees repay 50% by means of a loan over a maximum period of 2 years. The loans are repayable in the year 2011/12.

SALE OF STANDS

Stands are sold on a cash/bank guarantee basis. The outstanding loans are repayable in the year 2011/12.

STUDY COST LOANS

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of loans granted before 01 July 2005. Beneficiaries were entitled to Study Cost Loans at an interest rate of 5,00% per annum, repayable over a maximum period of 6 years. The balance of the loans are in respect of third parties and are repayable in the year 2011/12.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

14.1 Ageing of Long-term Receivables

Current:

0 - 30 days

- -

Past Due:

31 - 60 Days

- -

61 - 90 Days

- -

91 - 120 Days

- -

+ 120 Days

9,866,487 10,669,760

Total

9,866,487 10,669,760

As at 30 June Long-term Receivables of R9,866,487 (2011: R10,669,760) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

31 - 60 Days

- -

61 - 90 Days

- -

+ 90 Days

- -

+ 120 Days

9,866,487 10,669,760

Total

9,866,487 10,669,760

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
14.2 Reconciliation of the Provision for Impairment		
Balance at beginning of year	1,498,288	1,604,430
Impairment Losses recognised	-	-
Impairment Losses reversed	(308,836)	(106,141)
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	1,189,453	1,498,288

15 CONSUMER DEPOSITS

Electricity and Water	19,661,194	19,706,671
Total Consumer Deposits	19,661,194	19,706,671
Guarantees held in lieu of Electricity and Water Deposits	1,775,596	1,775,596

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

16 PROVISIONS

Performance Bonuses	1,093,029	1,670,451
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 21)	1,306,656	1,271,148
Current Portion of Non-Current Provisions (See Note 22):		
Long-term Service	610,468	566,590
Rehabilitation of Land-fill Sites	610,468	566,590
Total Provisions	3,010,153	3,508,189

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision has been reversed for the previous year as no performance management system was in place resulting that no bonuses were accrued at the reporting date.

The movement in provisions are reconciled as follows:

Current Provisions:

Performance Bonuses:

Balance at beginning of year	1,670,451	-
Contributions to provision	(577,422)	1,670,451
Expenditure incurred	-	-
Balance at end of year	1,093,029	1,670,451

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2012		
Balance at beginning of year	566,590	1,271,148
Transfer from non-current	610,468	1,305,625
Expenditure incurred	(566,590)	(1,270,117)
Balance at end of year	610,468	1,306,656

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
	Long-term Service R	Post-retirement R
30 June 2011		
Balance at beginning of year	757,382	1,142,604
Transfer from non-current	566,590	1,271,148
Expenditure incurred	(757,382)	(1,142,604)
Balance at end of year	566,590	1,271,148
	2012 R	2011 R

17 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	51,503,692	25,922,217
Retentions	18,786,164	21,219,145
Other Creditors	300,000	1,311,719
Total Payables		
	70,589,856	48,453,081

Payables from Exchange transactions have been restated to correctly classify amounts due for Creditors not accrued for previously. Refer to Note 43.4 on "Correction of Error" for details of the restatement.

Furthermore, *Payables from Exchange Transactions* have been restated to correctly classify amounts held for Retentions erroneously written-off in the previous financial year. Refer to Note 43.4 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

18 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payments received in Advance	9,717,616	11,940,743
Staff Bonuses	3,706,007	3,310,640
Staff Leave Accrued	15,843,271	13,597,227
Sundry Deposits	376,517	317,833
Total Payables		
	29,643,412	29,166,444

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

19 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

19.1 Conditional Grants from Government

	171,883,724	87,380,864
National Government Grants	166,930,566	82,694,362
Provincial Government Grants	(0)	1,411,184
Local Government Grants	2,000,000	-
Other Spheres of Government	2,953,159	3,275,318

19.2 Other Conditional Receipts

Public Contributions	1,082,801	-
Total Conditional Grants and Receipts	172,966,526	87,380,864

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 26 for the reconciliation of Grants from Government and Note 27 for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

20 OPERATING LEASE LIABILITIES

Operating Leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:

Balance at beginning of year	(0)	-
Operating Lease expenses recorded	285,692	318,927
Operating Lease payments effected	(285,692)	(318,927)
Total Operating Lease Liabilities	-	-

20.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

20.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Other Equipment:	375,094	469,932
Up to 1 year	225,549	255,704
2 to 5 years	149,545	214,228
More than 5 years	-	-
Total Operating Lease Arrangements	375,094	469,932

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	285,692	318,927
Total Operating Lease Expenses	285,692	318,927

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.
- (iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

21 LONG-TERM LIABILITIES

The municipality did not have any liabilities to be classified as Long-term Liabilities in terms of its Accounting Policies and Cash Management Policy at year-end.

22 RETIREMENT BENEFIT LIABILITIES

22.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	38,011,209	30,415,468
Contributions to Provision	6,268,888	8,866,889
 Balance at end of Year	 44,280,097	 39,282,357
Transfer to Current Provisions	(1,306,656)	(1,271,148)
Total Post-retirement Health Care Benefits Liability	42,973,441	38,011,209

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	203	206
In-service Non-members (Employees)	472	460
Continuation Members (Retirees, widowers and orphans)	41	43
Total Members	716	709

The liability in respect of past service has been estimated as follows:

In-service Members	27,774,240	22,737,279
Continuation Members	16,505,857	16,545,078
Total Liability	44,280,097	39,282,357

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2012 is estimated to be R1,953,916, whereas the cost for the ensuing year is estimated to be R2 177 341 (30 June 2011: R1,539,645 and R1,953,916 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.01%	8.68%
Health Care Cost Inflation Rate	7.04%	7.34%
Net Effective Discount Rate	90.00%	1.25%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	39,282,357	31,558,072
Current service costs	1,953,916	1,539,645
Interest cost	3,356,453	2,858,224
Benefits paid	(1,270,117)	(1,142,604)
Actuarial losses / (gains)	957,488	4,469,020

Present Value of Fund Obligation at the end of the Year	44,280,097	39,282,357
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Actuarial losses / (gains) unrecognised

Total Recognised Benefit Liability	44,280,097	39,282,357
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	44,280,097	39,282,357
Unfunded Accrued Liability	44,280,097	39,282,357
Unrecognised Actuarial Gains / (Losses)	-	-

Total Benefit Liability	44,280,097	39,282,357
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,953,916	1,539,645
Interest cost	3,356,453	2,858,224
Actuarial losses / (gains)	957,488	4,469,020
Adjustment for Short-term Portion from Previous Year	1,031	-

Total Post-retirement Benefit included in Employee Related Costs (Note 32)	6,268,888	8,866,889
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The history of experienced adjustments is as follows:

	2012	2011	2010	2009	2008
	R	R	R	R	R
Present Value of Defined Benefit Obligation	44,280,097	39,282,357	31,558,072	30,955,965	-
Deficit	44,280,097	39,282,357	31,558,072	30,955,965	-
Experienced adjustments on Plan Liabilities	(1,526,436)	1,194,736	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	1,058,332	815,462
Effect on the defined benefit obligation	7,706,015	6,559,965

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(839,491)	(654,067)
Effect on the defined benefit obligation	(6,222,247)	(5,332,013)

The municipality expects to make a contribution of R5 673 053 (2011: R5 310 369) to the Defined Benefit Plans during the next financial year.

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

23 NON-CURRENT PROVISIONS

Provision for Long Service Awards	6,764,942	5,261,668
Provision for Rehabilitation of Land-fill Sites	3,660,175	2,633,229
Total Non-current Provisions	10,425,117	7,894,897

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards	Land-fill Sites
	R	R
30 June 2012		
Balance at beginning of year	5,261,668	2,633,229
Contributions to provision	2,113,742	1,026,946
	<hr/>	<hr/>
	7,375,410	3,660,175

Transfer to current provisions	(610,468)	
Balance at end of year	6,764,942	3,660,175

	Long-service Awards	Land-fill Sites
	R	R
30 June 2011		
Balance at beginning of year	4,115,594	1,839,539
Contributions to provision	1,712,664	793,690
	<hr/>	<hr/>
	5,828,258	2,633,229

Transfer to current provisions	(566,590)	
Balance at end of year	5,261,668	2,633,229

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

23.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 674 (2011: 662) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2012 is estimated to be R799,362, whereas the cost for the ensuing year is estimated to be R972 461 (30 June 2011: R663,240 and R799,362 respectively).

2012	2011
R	R

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	6.45%	7.78%
Cost Inflation Rate	5.97%	6.27%
Net Effective Discount Rate	46.00%	1.42%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	5,828,258	4,872,976
Current service costs	799,362	663,240
Interest cost	431,690	406,438
Benefits paid	(566,590)	(757,382)
Actuarial losses / (gains)	882,690	642,986

Present Value of Fund Obligation at the end of the Year	7,375,410	5,828,258
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Actuarial losses / (gains) unrecognised	-	-
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Total Recognised Benefit Liability	7,375,410	5,828,258
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	7,375,410	5,828,258
Unfunded Accrued Liability	7,375,410	5,828,258
Actuarial gains / (losses) not recognised	-	-

Total Benefit Liability	7,375,410	5,828,258
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	799,362	663,240
Interest cost	431,690	406,438
Actuarial losses / (gains)	882,690	642,986

Total Post-retirement Benefit included in Employee Related Costs (Note 32)	2,113,742	1,712,664
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MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R	2010 R	2009 R	2008 R
The history of experienced adjustments is as follows:					
Present Value of Defined Benefit Obligation	7,375,410	5,828,258	4,872,976	4,421,248	-
Deficit	7,375,410	5,828,258	4,872,976	4,421,248	-
Experienced adjustments on Plan Liabilities	379,886	204,219	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2012	2011
	R	R

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	85,490	67,249
Effect on the defined benefit obligation	509,003	398,020

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(76,471)	(60,429)
Effect on the defined benefit obligation	(459,957)	(360,764)

The municipality expects to make a contribution of R1 428 824 (2011: R1 231 052) to the defined benefit plans during the next financial year.

23.2 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R3,660,175 (2011: R2,633,229) to restore the site at the end of its useful life, estimated to be in 2015. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

24 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	36,315,695	29,623,291
Capitalisation Reserve	82,591,527	89,687,814
Donations and Public Contributions Reserve	7,795,082	7,421,916
Government Grants Reserve	692,465,468	578,213,229
Accumulated Surplus / (Deficit) due to the results of Operations	440,870,669	347,164,475
Total Accumulated Surplus	1,260,038,440	1,052,110,725

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 43.1 "Change in Accounting Policy" for details of the restatements.

Recognition of VAT Receivable - Note 43.2

Recognition of VAT Receivable - Note 43.2

Recognition of Creditors for Accruals - Note 43.4

Recognition of Creditors for Retention Moneys - Note 43.4

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The **Donations and Public Contributions Reserve** equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The **Donations and Public Contributions Reserve** ensures consumer equity and is not backed by cash.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

25 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2012	July 2011		
	R000's	R000's		
Commercial	2,075,044	2,075,044	17,979,967	16,179,054
Industrial	1,524,167	1,524,167	3,878,072	3,237,150
Municipal	51,256	51,256	-	-
Residential	5,919,853	5,919,853	14,249,399	13,655,336
State	965,717	965,717	1,143,258	783,380
Consent Use	25,848	25,848	214,130	234,810
Undeveloped	178,328	178,328	1,330,482	1,178,926
Total Property Rates	10,740,213	10,740,213	38,795,308	35,268,655

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2008.

Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

An general rate is applied as follows to property valuations to determine property rates:

Residential Properties: 0,8933 c/R (2010/11: 0,8427 c/R)
 Business Properties: 1,7865 c/R (2010/11: 1,6854 c/R)
 Agricultural Properties: 0,2233 c/R (2010/11: 0,21074 c/R)

A rebate of 40,00% (2010/11: 40,00%) was allowed on residential properties whilst a discount of 30,00% (2010/11: 30,00%) was granted on properties owned by the State.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

26 GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	210,303,151	172,433,712
Other Subsidies	6,511,633	6,363,946
Operational Grants	216,814,784	178,797,658
Conditional Grants	169,003,268	189,262,930
National: Equitable Share	15,625,556	20,359,481
National: FMG	1,250,000	1,000,000
National: MIG	71,648,223	97,601,144
National: MSIG	790,000	750,000
National: DWAE	38,768,680	48,562,741
National: Minerals and Energy	4,877,914	223,133
National: National Treasury	34,309,551	17,749,623
Provincial: Office of The Premier	1,411,184	37,815
Other Government: National Lottery Fund	322,159	2,978,993
Total Government Grants and Subsidies	385,818,052	368,060,588

Government Grants and Subsidies have been restated to correctly classify revenue to be included in the category of Government Grants and Subsidies for Library Books donated. Refer to Note 42.2 on "Correction of Error" for details of the restatement.

Operational Grants:

26.1 National: Equitable Share	210,303,151	172,433,712
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R166 (2011: R156), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. No funds have been withheld.

Conditional Grants:

26.2 National: Equitable Share		
---------------------------------------	--	--

Balance unspent at beginning of year	3,982,831	2,812,312
Current year receipts	16,756,666	21,530,000
Conditions met - transferred to Revenue: Operating Expenses	(1,917,468)	-
Conditions met - transferred to Revenue: Capital Expenses	(13,708,088)	(20,359,481)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	5,113,941	3,982,831

In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by National Treasury the funds are also utilised to enable the municipality to execute its functions as the local authority. No funds have been withheld.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

26.3 National: EPWP Grant

Balance unspent at beginning of year	-	-
Current year receipts	1,038,000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>1,038,000</u>	<u>-</u>

The Expanded Public Works Programme Grant was allocated to the municipality for environmental projects. No funds have been withheld.

26.4 National: FMG Grant

Balance unspent at beginning of year	-	-
Current year receipts	1,250,000	1,000,000
Conditions met - transferred to Revenue: Operating Expenses	(1,250,000)	(708,601)
Conditions met - transferred to Revenue: Capital Expenses	-	(291,399)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

26.5 National: MIG Funds

Balance unspent at beginning of year	16,880,651	20,341,795
Current year receipts	113,222,000	94,140,000
Conditions met - transferred to Revenue: Operating Expenses	(3,563,067)	(8,299,724)
Conditions met - transferred to Revenue: Capital Expenses	(68,085,156)	(89,301,421)
Other Adjustments/Refunds	(6,523,000)	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>51,931,428</u>	<u>16,880,651</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. An amount of R6 523 000 (2011: R0) has been withheld.

26.6 National: MSIG Funds

Balance unspent at beginning of year	-	-
Current year receipts	790,000	750,000
Conditions met - transferred to Revenue: Operating Expenses	(790,000)	(750,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

26.7 National: Department Water Affairs and Environment (DWAE)

Balance unspent at beginning of year	36,449,736	8,326,672
Current year receipts	91,247,811	76,685,805
Conditions met - transferred to Revenue: Operating Expenses	(11,737,763)	(12,533,000)
Conditions met - transferred to Revenue: Capital Expenses	(27,030,917)	(36,029,741)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>88,928,868</u>	<u>36,449,736</u>

This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWAE to the municipality, the refurbishment of water infrastructure, the Olifants River Water Resource project and the payment of salaries of staff transferred from DWAE. No funds have been withheld.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
26.8 National: Department Minerals and Energy (DME)		
Balance unspent at beginning of year	52,216	275,349
Current year receipts	6,000,000	-
Conditions met - transferred to Revenue: Operating Expenses	(4,877,914)	(223,133)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	(275,349)	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>898,953</u></u>	<u><u>52,216</u></u>

Expenses were incurred to promote rural development and upgrade electricity infrastructure. An amount of R275 349 (2011: R0) has been withheld.

26.9 National: National Treasury (Neighbourhood Development)

Balance unspent at beginning of year	25,328,928	-
Current year receipts	28,000,000	43,078,551
Conditions met - transferred to Revenue: Operating Expenses	(0)	-
Conditions met - transferred to Revenue: Capital Expenses	(34,309,551)	(17,749,623)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>19,019,377</u></u>	<u><u>25,328,928</u></u>

Expenses were incurred to promote rural development. No funds have been withheld.

26.10 Provincial: Office of the Premier

Balance unspent at beginning of year	1,411,184	1,448,999
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1)	-
Conditions met - transferred to Revenue: Capital Expenses	(1,411,184)	(37,815)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>(0)</u></u>	<u><u>1,411,184</u></u>

This grant was allocated to assist the municipality to set up a Call Centre. No funds have been withheld.

26.11 Local Government: Waterberg District Municipality

Balance unspent at beginning of year	-	-
Current year receipts	2,000,000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>2,000,000</u></u>	<u><u>-</u></u>

This grant was allocated to the municipality as a contribution towards electricity distribution in the rural areas. No funds have been withheld.

26.12 Other Government: National Lottery Fund

Balance unspent at beginning of year	633,424	3,612,417
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(322,159)	(2,249,766)
Conditions met - transferred to Revenue: Capital Expenses	-	(729,227)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>311,265</u></u>	<u><u>633,424</u></u>

The municipality receives grants from other spheres of government for urban greening in the municipal area. The grant was utilised for this purpose. No funds have been withheld.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
26.13 Other Government: National Roads Agency		
Balance unspent at beginning of year	2,641,893	2,641,893
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>2,641,893</u>	<u>2,641,893</u>

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

26.14 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2012), government grant funding is expected to increase over the forthcoming three financial years.

27 PUBLIC CONTRIBUTIONS AND DONATIONS

Conditional Contributions:	10,917,199	-
Unconditional Contributions	1,900,000	-
Other Donations	1,954,914	8,401,556
Total Public Contributions and Donations	<u>14,772,113</u>	<u>8,401,556</u>

Reconciliation of Conditional Public Contributions and Donations:

27.1 Contributions from PPL Mine

Balance unspent at beginning of year	-	-
Current year receipts	12,000,000	-
Conditions met - transferred to Revenue: Operating Expenses	(10,917,199)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u>1,082,801</u>	<u>-</u>

The municipality received funds from PPL Mine for the construction of VIP Toilets. The donation was utilised for this purpose. No funds have been withheld.

28 SERVICE CHARGES

Sale of Electricity	151,320,382	130,714,500
Sale of Water	43,379,296	29,683,705
Refuse Removal	10,149,617	9,620,950
Sewerage and Sanitation Charges	11,463,897	10,360,894
Total Service Charges	<u>216,313,192</u>	<u>180,380,049</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

29 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Other Facilities	1,029,828	720,039
Total Rental of Facilities and Equipment	<u>1,029,828</u>	<u>720,039</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

30 INTEREST EARNED

External Investments:

Bank Account	367,141	364,571
Investments	24,492,119	15,560,453
	<u>24,859,260</u>	<u>15,925,024</u>

Outstanding Debtors:

Long-term Debtors	192,123	105,851
Outstanding Billing Debtors	22,882,066	17,123,485
	<u>23,074,189</u>	<u>17,229,336</u>
Total Interest Earned	<u>47,933,449</u>	<u>33,154,359</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	1,686,702	1,535,430
Held-to-Maturity Investments	23,172,558	14,389,593
Loans and Receivables	23,074,189	17,229,336
	<u>47,933,449</u>	<u>33,154,359</u>

31 OTHER REVENUE

Building Plan Fees	467,328	226,491
Cemetery Fees	159,273	200,092
Insurance Claims	2,562,386	1,755,441
Lease Advertising Signs	5,001	44,060
Legal Cost Recovered	81,617	76,064
Non-Attendance of Meetings	87,830	97,795
Prints	21,275	20,145
Retentions Forfeited	585,514	808,138
Telephone Cost Recovered	119,199	216,360
Tender Documents	569,577	391,423
Town Planning Fees	160,505	29,476
Unclaimed Moneys	3,659,658	1,734,988
Sundry Income	704,979	508,279
Total Other Revenue	<u>9,184,141</u>	<u>6,108,752</u>

Other Revenue have been restated to correctly classify revenue previously erroneously recognised for Retentions Forfeited. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 25 to 30, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

32 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	90,604,536	83,597,572
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	24,380,414	21,389,525
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	14,487,169	13,899,652
Housing Benefits and Allowances	266,724	848,920
Overtime Payments	17,066,430	15,141,362
Defined Benefit Plan Expense:	8,381,599	10,579,553
Current Service Cost	2,753,278	2,202,885
Interest Cost	3,788,143	3,264,662
Net Actuarial (gains)/losses recognised	1,840,178	5,112,006
Total Employee Related Costs	155,186,871	145,456,584

No advances were made to employees. Loans to employees are set out in Note 14.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	882,570	824,232
Car and Other Allowances	207,870	209,010
Company Contributions to UIF, Medical and Pension Funds	247,087	233,194
Total	1,337,527	1,266,436

Remuneration of the Chief Financial Officer

Annual Remuneration	778,407	728,082
Car and Other Allowances	184,867	182,083
Company Contributions to UIF, Medical and Pension Funds	172,796	161,725
Total	1,136,070	1,071,889

Remuneration of the Manager: Community Services

Annual Remuneration	665,344	618,474
Car and Other Allowances	203,531	213,616
Company Contributions to UIF, Medical and Pension Funds	199,829	186,901
Total	1,068,704	1,018,991

Remuneration of the Manager: Corporate Services

Annual Remuneration	480,532	594,624
Car and Other Allowances	121,243	211,333
Company Contributions to UIF, Medical and Pension Funds	142,857	178,279
Total	744,633	984,236

The manager was suspended for the period December 2010 until June 2011 with full remuneration. The manager was finally dismissed on 16 March 2012. An Acting Allowance was paid for the respective periods.

Remuneration of the Manager: Developmental Services

Annual Remuneration	650,081	659,556
Car and Other Allowances	324,839	227,746
Company Contributions to UIF, Medical and Pension Funds	175,226	178,502
Total	1,150,146	1,065,804

The managers' contract expired on 31 May 2012. An Acting Allowance was paid for the period 01 June 2012 to 30 June 2012.

Remuneration of the Manager: Technical Services

Annual Remuneration	669,256	623,520
Car and Other Allowances	198,857	195,046
Company Contributions to UIF, Medical and Pension Funds	176,777	165,373
Total	1,044,890	983,938

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Remuneration of the Manager: Traffic and Emergency Services		
Annual Remuneration	595,430	603,921
Car and Other Allowances	270,968	196,600
Company Contributions to UIF, Medical and Pension Funds	175,403	178,383
Total	1,041,801	978,904

The managers' contract expired on 31 May 2012. An Acting Allowance was paid for the period 01 June 2012 to 30 June 2012.

The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:

Staff Leave Benefits:-

Municipal Manager	151,457	36,266
Chief Financial Officer	111,405	53,878
Manager: Community Services	172,628	85,498
Manager: Corporate Services	-	114,168
Manager: Developmental Services	-	114,921
Manager: Technical Services	102,908	63,599
Manager: Traffic and Emergency Services	-	72,664
Total	538,398	540,994

33 REMUNERATION OF COUNCILLORS

Mayor	378,957	354,836
Speaker	349,524	253,965
Executive Committee Members	747,684	1,270,475
Councillors	8,132,967	6,743,165
Company Contributions to UIF, Medical and Pension Funds	1,213,192	1,097,841
Other Allowances (Cellular Phones, Housing, Transport, etc)	4,285,389	3,525,749
Total Councillors' Remuneration	15,107,713	13,246,031

Remuneration of Councillors:

In-kind Benefits

The Councillors occupying the positions of Mayor, Speaker, Chief Whip and four members of the Executive Committee of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

Security Services were rendered at the houses of the Mayor, Speaker and Chief Whip at the expense of the municipality.

34 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	45,682,280	41,723,377
Amortisation: Intangible Assets	517,231	565,624
Depreciation: Investment Property	91,633	91,633
Total Depreciation and Amortisation	46,291,144	42,380,634

Depreciation and Amortisation have been restated to correctly disclose the expense on Library Books not previously recognised in terms of GRAP 17. Refer to Note 42.2 on "Correction of Error" for details of the restatement.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 R

35 IMPAIRMENT LOSSES

35.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:	-	739,910
Property, Plant and Equipment	-	739,910
Intangible Assets	-	-
Investment Property	-	-

35.2 Impairment Losses on Financial Assets

Impairment Losses Recognised:		
Long-term Receivables	43,846,938	36,654,462
Receivables from Exchange Transactions	-	-
Receivables from Non-exchange Transactions	40,906,932	34,185,396
	2,940,005	2,469,067
Impairment Losses Reversed:		
Long-term Receivables	(308,836)	(106,141)
Receivables from Exchange Transactions	(308,836)	(106,141)
Receivables from Non-exchange Transactions	-	-
	-	-
Total Impairment Losses	43,538,102	36,548,321
	43,538,102	37,288,231

36 FINANCE COSTS

Creditors Overdue	16,293	-
Total Interest Paid on External Borrowings	16,293	-

37 BULK PURCHASES

Electricity	105,612,315	84,735,898
Water	17,334,467	16,553,730
Total Bulk Purchases	122,946,781	101,289,628

Bulk Purchases have been restated to correctly classify expenditure incurred in terms of a VAT Audit performed. Refer to Note 42.1 on "Correction of Error" for details of the restatement.

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from Lepelle Northern Water and "Uitloop Water Beleggings".

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

38 CONTRACTED SERVICES

Internal Audit	94,252	707,662
Professional Fees	2,934,811	6,359,907
Security Services	7,864,360	4,138,951
Valuation Services	68,323	76,013
Water Purification	65,565	-
Other Contracted Services	2,265,205	1,248,274
Total Contracted Services	13,292,516	12,530,808

Contracted Services have been restated to correctly classify expenditure incurred in terms of a VAT Audit performed. Refer to Note 42.1 on "Correction of Error" for details of the restatement.

39 GRANTS AND SUBSIDIES PAID

Community Projects	94,772	1,038,269
Free Basic Services	19,242,450	12,129,723
Mayoral Discretionary Expenditure	1,167,315	2,795,662
Project Expenditure	17,427,322	5,981,088
Sport Events	499,787	305,581
Women's day	116,630	66,000
Other Grants and Subsidies Paid	79,150	-
Total Grants and Subsidies	38,627,426	22,316,323

Grants and Subsidies Paid have been restated to correctly classify expenditure incurred in terms of a VAT Audit performed. Refer to Note 42.1 on "Correction of Error" for details of the restatement.

Community Projects are in respect of community cultural programs and catering & transport cost of community development workers within the municipality's area of jurisdiction.

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

The **Mayor** makes grants available on own discretion.

Project Expenditure is in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

Sport Events are in respect accommodation and travelling expenses of participants for sporting events attended outside the municipal area of jurisdiction.

The **Women's Day** is paid annually in the municipality's aim to further local economic development of all women in the communities.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
40 GENERAL EXPENSES		
Included in General Expenses are the following:		
Advertising	2,414,939	2,638,724
Audit Fees	1,847,856	1,686,248
Bank Charges	836,454	633,627
Branding of the Municipality	164,334	147,645
Bursaries	269,505	197,068
Chemicals and Poison	213,470	168,173
Claims against the Municipality	-	244,607
Cleaning Material	140,958	150,453
Communication and Public Participation	122,301	344,934
Connection Fees	844,284	931,512
Connections and Disconnections	102,321	174,551
Disaster Expenditure	173,526	91,787
Electricity	3,066,295	2,885,233
Entertainment	163,708	315,034
Expenditure incurred from Finance Management Grant	46,824	213,100
GLPS Power Factor Correction	-	118,627
Hiring of Equipment	362,425	419,047
IDP Review	591,087	731,939
Insurance	2,851,126	3,438,019
Lease Charges	170,570	164,393
Legal Costs	1,996,072	4,730,459
Levies: SALGA	1,190,436	767,323
Loss Control	68,647	272,506
Materials and Stocks	263,141	204,344
Mayoral Special Programmes	330,953	202,963
Medical Examinations	290,933	386,026
Postage and Telegrams	297,352	280,674
Pound Fees	95,088	90,906
Refuse Removal	202,445	191,788
Sanitation and Sewerage	89,827	72,127
Stock Shortages/Surpluses	(68,573)	159,437
Telephone Cost	1,148,193	1,101,643
Tourism Strategy	-	82,500
Training Costs	698,544	391,722
Transport Costs	12,692,056	9,717,516
Travelling and Subsistence	1,869,652	1,400,218
Uniforms and Protective Clothing	747,406	610,977
Urban Greening Programme	322,159	1,249,266
Ward Committee Management	1,154,828	1,634,299
Waste Management	168,738	207,147
Water	417,743	465,905
Water Levy	297,028	154,204
Website Hosting	59,562	107,086
Other General Expenses	2,651,157	1,056,366
Expenditure Recharged	(13,399,649)	(24,849,241)
Total General Expenses	27,965,722	16,382,883

General Expenses have been restated to correctly classify expenditure incurred in terms of a VAT Audit performed. Refer to Note 42.1 on "Correction of Error" for details of the restatement.

Furthermore, *General Expenses* have been restated to correctly classify expenditure for Library Books capitalised. Refer to Note 42.1 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
40.1 Material Losses	18,767,264	20,093,654
Lightning Damages	121,999	124,771
Theft	21,223	20,000
Other Losses	11,097	5,000
Distribution Losses:		
Electricity Losses	11,398,552	8,946,310
Water Losses	7,214,393	10,997,574

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 48.9).

No other extra-ordinary expenses were incurred.

41 DISCONTINUED OPERATIONS

No operations have been discontinued.

42 CHANGE IN ACCOUNTING POLICY

The municipality adopted no Accounting Standards for the first time during the financial year 2011/12 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

GRAP 103 - Heritage Assets

The municipality elected to prepare its Accounting Policies for *Heritage Assets* in terms of GRAP 103 for the financial year 2011/12. The full net assets have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated.

42.1 Reclassification of Property, Plant & Equipment and Heritage Assets

The prior year figures of Property, Plant & Equipment and Heritage Assets have been restated to correctly disclose the assets held by the municipality in terms of GRAP 103.

The effect of the Change in Accounting Policy is as follows:

	Property, Plant & Equipment	Heritage Assets
Balances published as at 30 June 2010	745,510,874	-
Transfer Heritage Assets	(5,752,544)	5,752,544
Restated Balances as at 30 June 2010	739,758,330	5,752,544
	2012 R	2011 R

Effect of the Change in Accounting Policy:

The above-mentioned changes in Accounting Policies had no effect on the Profit and Loss of the

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2011 and the Accumulated Surplus of prior years was not affected either.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

43 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

43.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus
Balances published as at 30 June 2010	853,152,901
Correction of Error:-	
Reclassify VAT Receivable and Expenditure - Note 42.1	1,300,292
Reclassify Property, Plant & Equipment and Depreciation Charges - Note 42.2	2,449,660
Reclassify Creditors for Prior Year Services - Note 42.3	<u>(546,973)</u>
	3,202,979
Restated Balances as at 30 June 2010	856,355,880
Transactions incurred for the Year 2010/11	196,169,215
Correction of Error:-	
Reclassify VAT Receivable and Expenditure - Note 42.1	404,305
Reclassify Property, Plant & Equipment and Depreciation Charges - Note 42.2	<u>(708,367)</u>
Reclassify Retention Money - Note 42.3	<u>(110,307)</u>
	(414,370)
Restated Balances as at 30 June 2011	<u>1,052,110,725</u>

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

43.2 Reclassification of VAT Receivable, Bulk Purchases, Collection Costs, Contracted Services, Grants & Subsidies Paid, General Expenses, Repairs & Maintenance and Accumulated Surplus

The opening balances of VAT Receivable and Accumulated Surplus have been restated to correctly disclose Input VAT not claimed during the previous financial years.

Furthermore, the prior year figures of VAT Receivable, Bulk Purchases, Collection Costs, Contracted Services, Grants & Subsidies Paid, General Expenses and Repairs & Maintenance have been restated to correctly disclose Input VAT not claimed in the previous financial year.

The effect of the Correction of Error is as follows:

	VAT Receivable	Bulk Purchases	Collection Costs	Contracted Services
Balances published as at 30 June 2010	8,391,394			
Adjustment for Input VAT not claimed	1,300,292			
Restated Balances as at 30 June 2010	9,691,686			
Amount per AFS previously published for 2010/11		101,309,966	90,943	12,546,304
Transactions incurred for the Year 2010/11	2,327,546			
Adjustment for Input VAT on Bulk Purchases	20,339	(20,339)	-	-
Adjustment for Input VAT on Collection Costs	441	-	(441)	-
Adjustment for Input VAT on Contracted Services	15,496	-	-	(15,496)
Restated Amount currently disclosed for 2010/11	101,289,628	90,502	12,530,808	
		Grants & Subsidies Paid	General Expenses	Repairs & Maintenance
Amount per AFS previously published for 2010/11		22,317,127	16,673,272	61,847,289
Adjustment for Input VAT on Grants & Subsidies Paid	803	(803)	-	-
Adjustment for Input VAT on General Expenses	283,614	-	(283,614)	-
Adjustment for Input VAT on Repairs & Maintenance	83,612	-	-	(83,612)
Capitalisation of Library Books purchased from own funds	-	-	(6,775)	(0)
Restated Amount currently disclosed for 2010/11	12,423,537	22,316,323	16,382,883	61,763,678

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

43.3 Reclassification of Property, Plant & Equipment, Depreciation Charges, Government Grants & Subsidies Received and Accumulated Surplus

The opening balances of Property, Plant & Equipment and Accumulated Surplus have been restated to recognise Library Books in terms of FAQ for Entities on GRAP of 16 May 2011.

Furthermore, the transactions for Property, Plant & Equipment and Depreciation Charges have been restated to correctly disclose the Depreciation Charge for the financial year 2010/11 not previously recognised for Library Books.

The effect of the Correction of Error is as follows:

	Property, Plant and Equipment	Depreciation Charges	Government Grants & Subsidies
	(Ex Note 41.2)		
Balances published as at 30 June 2010	739,758,330		
Recognition of Library Books at deemed cost	4,068,615		
Recognition of Accumulated Depreciation on Library Books	(1,618,955)		
Restated Balances as at 30 June 2010	742,207,990		
Amount per AFS previously published for 2010/11		41,557,251	(367,952,348)
Transactions incurred for the Year 2010/11	158,795,942		
Recognition of Library Books acquired at deemed cost for the Year 2010/11	115,015	-	(108,240)
Recognition of Depreciation on Library Books for the Year 2010/11	(823,382)	823,382	-
Restated Balances as at 30 June 2011	900,295,565	42,380,634	(368,060,588)

43.4 Reclassification of Payables and Other Revenue

The opening balances of Payables and Accumulated Surplus have been restated to correctly disclose Creditors not previously recognised and paid in the current financial year.

The prior year figures of Payables and Other Revenue have been restated to correctly record Retention Money held by the municipality, written off as forfeited in error in 2010/11.

The effect of the Correction of Error is as follows:

	Payables	Other Revenue
Balances published as at 30 June 2010	60,561,192	
Adjustment for Creditors prior to June 2010	546,973	
Restated Balances as at 30 June 2010	61,108,165	
Amount per AFS previously published for 2010/11		6,219,059
Transactions incurred for the Year 2010/11	16,401,053	
Reclassification of Retention Money written off in 2010/11	110,307	(110,307)
Restated Amount currently disclosed for 2010/11	77,619,525	6,108,752

44 CHANGE IN ACCOUNTING ESTIMATES

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of Grap 3.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
45 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	207,927,714	195,754,845
Adjustment for:		
Depreciation and Amortisation	46,291,144	42,380,634
Impairment Losses on Property, Plant and Equipment	-	739,910
Losses / (Gains) on Disposal of Property, Plant and Equipment	972,047	28,223
Profit on Sale of Land	(4,532,476)	(6,747,229)
Property, Plant and Equipment transferred to Assets Held-for-Sale	-	311,250
Other Movement on Property, Plant and Equipment	(60,144)	(8,214,999)
Contribution to Retirement Benefit Liabilities	6,267,857	8,866,889
Expenditure incurred from Retirement Benefit Liabilities	(1,270,117)	(1,142,604)
Contribution to Provisions - Current	(577,422)	1,670,451
Contribution to Provisions - Non-current	3,140,688	2,506,354
Expenditure incurred from Provisions - Current	(566,590)	(757,382)
Contribution to Impairment Provision	43,538,102	36,548,321
Bad Debts Written-off	-	(42,860)
Operating surplus before working capital changes	301,130,803	271,901,802
Decrease/(Increase) in Inventories	(707,696)	(2,822,362)
Decrease/(Increase) in Non-Current Assets Held-for-Sale	311,250	(311,250)
Decrease/(Increase) in Receivables from Exchange Transactions	(46,693,190)	(36,561,025)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(7,074,229)	(4,643,187)
Decrease/(Increase) in VAT Receivable	4,928,200	(2,731,851)
Decrease/(Increase) in Operating Lease Assets	(54,362)	23,103
Decrease/(Increase) in Current Portion of Long-term Receivables	(56,588)	(1,149,298)
Increase/(Decrease) in Consumer Deposits	(45,476)	6,412,266
Increase/(Decrease) in Payables from Exchange Transactions	22,136,776	11,117,183
Increase/(Decrease) in Payables from Non-exchange Transactions	476,968	5,430,653
Increase/(Decrease) in Conditional Grants and Receipts	85,585,662	47,921,426
Cash generated by / (utilised in) Operations	359,938,116	294,587,460

46 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2011/12 financial year.

47 FINANCING FACILITIES

Unsecured Fleet Card Facility, reviewed annually and payable monthly:

- Amount used	694,555	424,450
- Amount unused	305,445	575,550
	1,000,000	1,000,000

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	14,787,553	11,570,504
Unauthorised Expenditure current year	-	3,217,049
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 54)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Unauthorised Expenditure awaiting authorisation	<u>14,787,553</u>	<u>14,787,553</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded:-</i>	<i>To be condoned by Council</i>
- Executive and Council - R0 (2011: R1,340,819)	
- Environmental Protection - R0 (2011: R5,492)	
- Waste Management - R0 (2011: R1,858,670)	
- Other - R0 (2011: R12,068)	

48.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1,762,985	-
Fruitless and Wasteful Expenditure current year	16,293	1,762,985
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 54)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>1,779,278</u>	<u>1,762,985</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Unsatisfactory work (Machikiri Stormwater) - R0 (2011: R49,881)</i>	<i>None</i>
<i>Legal Cost (MR Thobojane) - R0 (2011: R1,449,165)</i>	<i>None</i>
<i>Legal Cost (Debtor Recovery) - R0 (2011: R263,939)</i>	<i>None</i>
<i>Interest on late payment - Various Creditors - R16,293 (2011: R0)</i>	<i>None</i>

48.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	62,645,723	29,010,199
Irregular Expenditure current year	15,141,849	33,635,524
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 54)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Irregular Expenditure awaiting condonement	<u>77,787,572</u>	<u>62,645,723</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Goods & Services with transaction value below R200 000 procured without obtaining the required price quotations - R260,444 (2011: R0)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>
<i>Irregular awards made to Contractors and Consultants - R0 (2011: R18,494,162)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>
<i>Irregular awards made for Indigenous Trees - R0 (2011: R9,324,637)</i>	<i>Disciplinary process initiated against responsible person.</i>
<i>Irregular award made to MG Phatudi Attorneys - R120,000 (2012: R0)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>
<i>Irregular award made to Maningo Security CC - R435,982 (2011: R0)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>
<i>Irregular award made to Matakanye Construction CC, not advertised for required number of days - R11,484,261 (2011: R0)</i>	<i>Under Investigation. To be submitted to Council for condonement.</i>
<i>Irregular salary payment to MH Thobojane - R744,633 (2011: R0)</i>	<i>Dismissed</i>
<i>Expenditure contrary to SCM Processes as described in Note 48.8 - R2,096,530 (2011: R5,816,725)</i>	<i>A report will be adopted by the Executive Committee, condoning the "Irregular Expenditure".</i>

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	1,190,436	767,323
Amount Paid - current year	(1,190,436)	(767,323)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	—	—

49.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	1,847,856	1,686,248
Amount Paid - current year	(1,847,856)	(1,686,248)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	—	—

49.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

49.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	22,528,802	19,635,838
Amount Paid - current year	(22,528,802)	(19,635,838)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	—	—

49.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	29,594,984	29,499,065
Amount Paid - current year	(29,594,984)	(29,499,065)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	—	—

49.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
		30 June 2012	30 June 2011
Councillor Mutshinya MF	1,847	1,415	431
Councillor Sekoala MS	515	411	103
Total Councillor Arrear Consumer Accounts	2,361	1,827	534
	Total	Outstanding up to 90 days	Outstanding more than 90 days
		30 June 2011	30 June 2010
Councillor Mutshinya MF	4,345	825	3,520
Councillor Senosha SCG	7,963	1,391	6,572
Total Councillor Arrear Consumer Accounts	12,308	2,216	10,092

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 R	2011 R
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During the year the following Councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing
30 June 2012		
Councillor Mutshinya MF	4,814	> 90 Days
Councillor Sekoala MS	103	> 90 Days
Councillor Senosha SCG	7,386	> 90 Days
30 June 2011		
Councillor Montane NS	598	> 90 Days
Councillor Mutshinya MF	3,520	> 90 Days
Councillor Selomo ME	2,634	> 90 Days
Councillor Senosha SCG	6,572	> 90 Days
Councillor Tsebe PH	220	> 90 Days

49.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

49.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Office of the Mayor	Year 2011/12	Various occasions (22)	Various reasons like preferred supplier & venue, urgency, etc	1,510,048.21
<i>22 Occasions during the financial year procuring various services amounting to R1 520 048,21</i>				
Community Services	Year 2011/12	Various occasions (5)	Preferred supplier, sole supplier and urgency	116,766.45
<i>5 Occasions during the financial year procuring chemicals, protective clothing, canopies for vehicles and tree rings amounting to R127 938,47</i>				
Corporate Support Services	Year 2011/12	Various occasions (6)	Various reasons like emergency, preferred supplier, etc	52,533.34
<i>6 Occasions during the financial year procuring various services amounting to R116 716,54</i>				
Electrical Services	Year 2011/12	Various occasions (6)	Sole supplier and urgency	225,037.80
<i>6 Occasions during the financial year procuring cable, relays, diamond cutter, robot equipment and catering services amounting to R877 699,00</i>				
Financial Services	Year 2011/12	Various occasions (4)	Sole agent, sole supplier and urgency	113,065.20
<i>4 Occasions during the financial year procuring printer rolls for Radex printer and electricity & water accounts amounting to R238 852,88</i>				
Supply Chain Management Services	Year 2011/12	Various occasions (6)	Limited bidding and sole supplier	70,427.04
<i>6 Occasions during the financial year procuring various services amounting to R236 727,04</i>				
Traffic and Emergency Services	Year 2011/12	Various occasions (10)	Various reasons like sole supplier, limited bidding, strip & quote, etc	8,652.16
<i>10 Occasions during the financial year procuring various services amounting to R113 450,88</i>				

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

49.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2012	Unaccounted Electricity Losses	<u>18,092,939</u>	<u>0.6300</u>	<u>11,398,552</u>
30 June 2011	Unaccounted Electricity Losses	<u>20,009,639</u>	<u>0.4471</u>	<u>8,946,310</u>

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

2012	2011
R	R

Volumes in kWh/year:

System Input Volume	195,968,938	201,681,860
Billed Consumption	177,875,999	181,672,221
Distribution Loss	18,092,939	20,009,639
Percentage Distribution Loss	9.23%	9.92%

Water:

		Lost Units	Tariff	Value
30 June 2012	Unaccounted Water Losses	<u>2,200,181</u>	<u>3.2790</u>	<u>7,214,393</u>
30 June 2011	Unaccounted Water Losses	<u>4,213,630</u>	<u>2.6100</u>	<u>10,997,574</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

2012	2011
R	R

Volumes in Kl/year:

System Input Volume	7,845,594	9,487,813
Billed Consumption	5,645,413	5,274,183
Distribution Loss	2,200,181	4,213,630
Percentage Distribution Loss	28.04%	44.41%

50 COMMITMENTS FOR EXPENDITURE

50.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-	78,778,265	79,050,656
<i>Infrastructure</i>	60,033,428	65,695,925
<i>Community</i>	18,744,837	12,189,942
<i>Other</i>	-	1,164,789
Total Capital Commitments	78,778,265	79,050,656
This expenditure will be financed from:		
Capital Replacement Reserve	1,467,454	57,599
Government Grants	77,310,811	78,993,057
	78,778,265	79,050,656

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

50.2 Lease Commitments

Non-cancellable Operating Lease Commitments are disclosed in Note 20.

50.3 Other Commitments

The municipality has entered into a contract with Ducharme Consulting Services during 2010/11 for the compilation of Annual Financial Statements for 2 years, which will give rise to a total charge of R1 439 160.

The municipality has entered into a contract on 01 February 2011 with Baepereki Consultants for administering the Project Management Unit for 3 years, which will give rise to a charge of 2,3% (2011: 2,7%) of actual project expenditure payable on a monthly basis. The contract terminates on 30 June 2014.

51 FINANCIAL INSTRUMENTS

51.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>	2012	2011
Long-term Receivables			
Debtors Capitalised Loans	Amortised cost	2,289,574	2,837,085
Removal Cost Loans	Amortised cost	(0)	3,514
Receivables from Exchange Transactions			
Electricity	Amortised cost	11,973,854	9,571,358
Refuse	Amortised cost	1,866,887	1,676,542
Sewerage	Amortised cost	2,879,793	2,617,304
Water	Amortised cost	3,436,348	3,598,153
Other Receivables	Amortised cost	11,239,266	8,146,534
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	14,127,855	12,410,920
Sundry Deposits	Amortised cost	664,828	463,060
Sundry Debtors	Amortised cost	4,090,048	2,262,100
Accruals	Amortised cost	336,733	370,826
Recoverable Works	Amortised cost	11,385,463	10,963,798
Cash and Cash Equivalents			
Call Deposits	Fair value	14,108,504	19,788,944
Notice Deposits	Amortised cost	485,000,000	243,000,000
Bank Balances	Fair value	2,617,573	31,224,278
Cash Floats and Advances	Fair value	24,406	21,405
Current Portion of Long-term Receivables			
Debtors Capitalised Loans	Amortised cost	4,881,611	4,871,120
Removal Cost Loans	Amortised cost	-	4,685
Sale of Stand Loans	Amortised cost	1,455,835	1,401,289
Study Cost Loans	Amortised cost	50,015	53,777

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
SUMMARY OF FINANCIAL ASSETS		
Financial Assets at Amortised Cost:		
Long-term Receivables	Debtors Capitalised Loans	2,289,574
Long-term Receivables	Removal Cost Loans	(0)
Receivables from Exchange Transactions	Electricity	11,973,854
Receivables from Exchange Transactions	Refuse	1,866,887
Receivables from Exchange Transactions	Sewerage	2,879,793
Receivables from Exchange Transactions	Water	3,436,348
Receivables from Exchange Transactions	Other Debtors	11,239,266
Receivables from Non-exchange Transactions	Assessment Rates Debtors	14,127,855
Receivables from Non-exchange Transactions	Sundry Deposits	664,828
Receivables from Non-exchange Transactions	Sundry Debtors	4,090,048
Receivables from Non-exchange Transactions	Accruals	336,733
Receivables from Non-exchange Transactions	Recoverable Works	11,385,463
Current Portion of Long-term Receivables	Debtors Capitalised Loans	4,881,611
Current Portion of Long-term Receivables	Removal Cost Loans	-
Current Portion of Long-term Receivables	Sale of Stand Loans	1,455,835
Current Portion of Long-term Receivables	Study Cost Loans	50,015
Cash and Cash Equivalents	Notice Deposits	485,000,000
	555,678,110	304,252,065
Financial Assets at Fair Value:		
Cash and Cash Equivalents	Call Deposits	14,108,504
Cash and Cash Equivalents	Bank Balances	2,617,573
Cash and Cash Equivalents	Cash Floats and Advances	24,406
	16,750,484	51,034,627
Total Financial Assets	572,428,594	355,286,692

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Payables from Exchange Transactions			
Trade Creditors			
Trade Creditors	Amortised cost	51,503,692	25,922,217
Retentions	Amortised cost	18,786,164	21,219,145
Other Creditors	Amortised cost	300,000	1,311,719
Payables from Non-exchange Transactions			
Staff Bonuses	Amortised cost	3,706,007	3,310,640
Staff Leave Accrued	Amortised cost	15,843,271	13,597,227
Sundry Deposits	Amortised cost	376,517	317,833

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Payables from Exchange Transactions	Trade Creditors	51,503,692	25,922,217
Payables from Exchange Transactions	Retentions	18,786,164	21,219,145
Payables from Exchange Transactions	Other Creditors	300,000	1,311,719
Payables from Non-exchange Transactions	Staff Bonuses	3,706,007	3,310,640
Payables from Non-exchange Transactions	Staff Leave Accrued	15,843,271	13,597,227
Payables from Non-exchange Transactions	Sundry Deposits	376,517	317,833
		90,515,653	65,678,781
Total Financial Liabilities		90,515,653	65,678,781

51.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2012, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2012

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	14,108,504	-	14,108,504
Bank Balances and Cash	-	2,641,979	-	2,641,979
Total Financial Assets	-	16,750,484	-	16,750,484
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	16,750,484	-	16,750,484

30 June 2011

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	19,788,944	-	19,788,944
Bank Balances and Cash	-	31,245,683	-	31,245,683
Total Financial Assets	<u>-</u>	<u>51,034,627</u>	<u>-</u>	<u>51,034,627</u>
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Financial Instruments	<u>-</u>	<u>51,034,627</u>	<u>-</u>	<u>51,034,627</u>

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

51.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 24 and the Statement of Changes in Net Assets.

Gearing Ratio

	2012	2011
	R	R
The gearing ratio at the year-end was as follows:		
Debt	19,925,796	17,225,701
Cash and Cash Equivalents	(2,641,979)	(31,245,683)
 Net Debt	 17,283,817	 (14,019,983)
 Equity	 1,260,038,440	 1,052,110,725
 Net debt to equity ratio	 1.37%	 -1.33%

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

51.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

51.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 51.8 and 51.9 to the Annual Financial Statements.

51.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

51.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

51.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 51.9 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2012 would have increased / decreased by R338,696 (30 June 2011: increased / decreased by R401,228). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

51.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
 - A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
 - The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
 - The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
 - Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2012		30 June 2011	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
Makapan Mall (Pty) Ltd	-	1,771,769	-	1,332,756
Department of Education, Arts and Culture	-	1,131,313	-	12,658,542
Nedan Oil Mills (Pty) Ltd	-	1,129,221	-	1,071,620
Northern Province Academy of Sport	-	1,087,369	-	996,787
Department of Waterworks and Forestry	-	1,000,559	-	-
Walton Eiendomme BK	-	-	-	1,682,008

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	9,866,487	10,669,760
Consumer Debtors	237,664,761	190,971,570
Other Debtors	68,773,825	61,699,596
Bank, Cash and Cash Equivalents	501,750,484	294,034,627
Maximum Credit and Interest Risk Exposure	818,055,557	557,375,553

The major concentrations of credit risk that

customer classification are as follows:

	%	\$
Consumer Debtors:		
- Household	77.33%	76.07%
- Industrial / Commercial	8.06%	8.74%
- National and Provincial Government	9.23%	9.63%
Other Debtors:		
- Other not Classified	5.38%	5.56%
Total Credit Risk	<u>100.00%</u>	<u>100.00%</u>

Bank and Cash Balances		
ABSA Bank Ltd	90,000,000	75,000,000
First National Bank	140,000,000	50,000,000
Nedbank	125,000,000	80,000,000
Standard Bank	146,726,078	89,013,222
Cash Equivalents	24,406	21,405
Total Bank and Cash Balances	501,750,484	294,034,627

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Group 1	1,455,835	1,401,289
Group 2	50,015	61,977
Group 3	7,171,185	7,708,205
Total Long-term Receivables	<u>8,677,035</u>	<u>9,171,471</u>

Receivables from Exchange Transactions

Counterparties without external credit rating:-

Group 1	13,804,677	11,471,954
Group 2	1,993,763	2,240,119
	<u>15,798,440</u>	<u>13,712,074</u>

Total Receivables from Exchange Transactions

<u>15,798,440</u>	<u>13,712,074</u>
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Receivables from Non-exchange Transactions

Group 1	19,221,256	16,594,379
Group 2	-	-

Total Receivables from Non-exchange Transactions

<u>19,221,256</u>	<u>16,594,379</u>
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Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

51 FINANCIAL INSTRUMENTS (Continued)

51.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 46 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months	6 - 12	1 - 2	2 - 5	More than
				or less	Months	Years	Years	5 Years
#	%	R	R	R	R	R	R	R
30 June 2012								
Non-interest Bearing		0.00%	70,702,516	70,702,516	-	-	-	-
Variable Interest Rate Instruments		4.98%	16,726,078	16,726,078	-	-	-	-
Fixed Interest Rate Instruments		6.37%	485,000,000	485,000,000	-	-	-	-
			572,428,594	572,428,594	-	-	-	-
30 June 2011								
Non-interest Bearing		0.00%	61,273,470	61,273,470	-	-	-	-
Variable Interest Rate Instruments		3.83%	51,013,222	51,013,222	-	-	-	-
Fixed Interest Rate Instruments		7.21%	243,000,000	243,000,000	-	-	-	-
			355,286,692	355,286,692	-	-	-	-

The municipality has access to financing facilities, the total unused amount which is R305 445 (2011: R575 550), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

51.9 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2012

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	7		499,108,504	499,108,504	-	-	-	-
Bank Balances and Cash	7		2,641,979	2,641,979	-	-	-	-
Total Fixed Rate Instruments			501,750,484	501,750,484	-	-	-	-

30 June 2011

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	7		262,788,944	262,788,944	-	-	-	-
Bank Balances and Cash	7		31,245,683	31,245,683	-	-	-	-
Total Fixed Rate Instruments			294,034,627	294,034,627	-	-	-	-

51.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

52 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R19,245,118 (2011: R16,714,827) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Municipal Employees Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2008.

The net assets available for benefits were R5 715 557 193.

No further information could be obtained.

National Fund for Municipal Workers - Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The fund does not have any reserves or surpluses which can be allocated to members' fund records.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of 6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,83% (1 July 2007: 100,26%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

No further information could be obtained.

Joint Municipal Pension Fund (previously Transvaal Municipal Pension Fund):

The fund is closed for membership and no new members are allowed to join the fund.

No information could be obtained.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the market value of the fund was R1 446,8 (30 June 2009: R1 223,7) million. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2010.

Municipal Employees Gratuity Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The valuation performed as at 30 June 2010 revealed that the market value of the fund was R9 774 (30 June 2009: 8 249) million. The contribution rate payable (7,50% by the member and 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2010.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 01 July 2008.

The net assets available for benefits were R3 617 (2007: R3 696) million.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of 6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,83% (1 July 2007: 100,26%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

None of the above mentioned plans are State Plans.

53 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

53.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Beyers-Smit CF	Councillor	Owner and 25% Interest in Ntsepe Financial Services CC
Kekana VH	Councillor	Director of and 50% Interest in Leokga Trading & Enterprise
Machamaite PA	Councillor	Owner of 29A Bezuidenhout Street
Manamela LE	Councillor	Director of and 50% Interest in Motangtang Electrical
Morkel-Brink GE	Councillor	Trustee of Babsita Family Trust; Trustee of BV Pretorius Family Trust; Trustee of Welda Du Toit Trust
Setlatjile KD	Councillor	Director of and 33% Interest in Servimark 133
Mphago KJ	Manager	4% Membership in Kodumelang Construction & Manufacturing; 100% Ownership in Taxshop Polokwane South Franchise
De Villiers IA	Deputy Manager	20% Interest in AMS Haven 139; Director of and 20% Interest in Altmic Properties 55; Director of and 33,3% Interest in Romanesque Property Investments 49
Joubert W	Deputy Manager	Son-in-Law is the owner of Diesel Power Truck Repairs CC
Hungwani S	Divisional Head	100% Ownership in Nhlaluko Development Consultants
Molena DM	Official (SCM)	50% Partnership in Sensual Veille Intimates; 100% Ownership in MBT Cosmetics
Ragoasha MKM	Official (SCM)	100% Ownership in Bakgabile Creations & Décor
Venter R	Official	Spouse the owner of "Pronto Elektries"

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

53.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2012				
Councillors	34,076	133,907	-	15,983
Municipal Manager and Section 57 Personnel	11,925	51,406	-	7,102
Total Services	46,001	185,313	-	23,085
For the Year ended 30 June 2011				
Councillors	51,035	138,474	-	37,784
Municipal Manager and Section 57 Personnel	13,667	27,594	-	5,147
Total Services	64,702	166,068	-	42,932

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

53.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 14 to the Annual Financial Statements.

53.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

2012
R

2011
R

53.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year
Diesel Power Truck Repairs	Oosthuizen DP	Owner (In-law)	Official	339,043	-
Dynasty Printers (Pty) Ltd	Cachalia A	Director (Spouse)	Councillor	-	1,021,951
Pronto Elektries	Venter A	Owner (Spouse)	Official	74,833	-
Tau Industries	Grove A	Owner (Parent)	Official	4,331,321	4,808,906
Total Purchases				4,745,197	5,830,857

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
54 CONTINGENT LIABILITIES		
54.1 Guarantees:	<u>22,640,500</u>	<u>22,640,500</u>
(i) Eskom:	22,640,500	22,640,500
The municipality issued a bank guarantee in favour of Eskom to increase its electricity demand to 40 MVA to be able to meet the increasing demand for electricity supply from consumers.		
54.2 Court Proceedings:	<u>17,924,498</u>	<u>18,411,442</u>
(i) Dispute on Water Account:	96,000	96,000
The municipality is being sued by a consumer, Academy of Sports Excellence, for a dispute on their water account. The municipality is defending the claim based on legal advice. A trial date has not been set to date. The plaintiff's Discovery Affidavit and the trial date from Registrar is awaited. The claimed amount does not include legal costs. Should the municipality be unsuccessful in defending the claim, there is a possibility that the claim will be settled from its Provision for Bad Debts. The municipality is proceeding with a debtor's claim of R860 000 against the plaintiff. A 3rd defendant was located and served with a summons, and entered defence. The outcome of the case is still uncertain.		
(ii) Claim for Retention Money:	59,517	59,517
A claim was received from Segole II Development Trust the payment of retention money. It is alleged that Waterberg District Municipality paid the retention money over to the municipality to pay to the claimant. The matter has been submitted to the municipality's Attorneys. No progress has been made to date and the outcome of the matter is still uncertain.		
(iii) Building Services Rendered:	216,558	216,558
The municipality is being sued by SA Call Centre Solutions for alleged services rendered for the design, build, implementation and support of a 20-seater Call Centre. The matter was postponed <i>sine die</i> by Court on 7 May 2012 with costs for the municipality. The outcome of the case is still uncertain.		
(iv) Termination of Mandate for Debt Collection:	8,465,022	8,465,022
The municipality is being sued by Katlego Benefit Administrators for termination of mandate for debt collection. The municipality is defending the claim based on legal advice. The claimed amount does not include legal costs. Should the municipality be unsuccessful in defending the claim, there is a possibility that the claim will be settled from the Accumulated Surplus or by the municipality's insurers. The matter was postponed for plaintiff to submit proof of registration as a debt collector. The outcome of the case is still uncertain.		
(v) Claim for Losses Sustained:	365,132	365,132
A claim was received from Emang Development Projects CC for alleged losses sustained when the municipality terminated the contract they were working on on grounds of non-performance. No progress has been made to date and the outcome of the matter is still uncertain.		
(vi) Non-payment for Work Done:	4,247,755	4,247,755
The municipality is being summoned by Hlohlweni Business Enterprises CC for non-payment of the agreed fee of 15% for the procurement of funds from the National Lottery and excludes legal costs. The matter was referred to the municipality's attorneys. A trial date has been set for 6 September 2010, but has been postponed to 6 December 2010, and is now at Defendant's Discovery Affidavit. The outcome of the matter is still unknown.		
(vii) Claim for Storm Water Damages:	3,500,000	3,500,000
A claim was received from MA Makhafola for alleged damages to the claimant's house when it was flooded due to poor storm water reticulation systems. The matter has been submitted to the municipality's Attorneys. The outcome of the matter is still uncertain.		
(viii) Repossession of Land:	817,513	817,513
The municipality has cancelled a deed of sale due to non-compliance by the purchaser, Gov-Al Properties CC, and repossessed the portion of land. Gov-Al Properties CC are now suing the municipality in the High Court in order to get possession of the land again. The case was removed from the roll on 5 May 2008. Subsequently a summons was received and a trial date was set for 3 May 2011, which was postponed. The Plaintiff did not file replication and the municipality must now enroll the matter for trial. The outcome of the case is still unknown.		

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
(ix) Claim for Losses Sustained:	-	278,158
A claim was received from MJ Masimini for losses sustained on the transport of property. The municipality is allegedly a party to an illegal transfer of property. The Plaintiff is not pursuing the matter and the file has been closed.		
(x) Contesting Council Resolution:	-	-
Lake View Estates is appealing against a resolution of the council not to approve a township development. The appeal procedure is ongoing. The outcome of the matter is still unknown.		
(xi) Claim for Violation of Human Dignity:	157,001	157,001
A claim was received from MS Bambo for the violation of his dignity. The municipality invited the claimant to an interview for a vacant position, but claimant was not appointed. An irregular step procedure has been taken as the Plaintiff did not provide an address within 8 km from Court. The outcome of the matter is still uncertain.		
(xii) Contesting Council Resolution:	-	-
An application was brought to the High Court by MP Pale to set aside a Council Resolution to reinstate an employee contrary to the outcome of a Disciplinary Hearing, recommending dismissal. Subsequently Council resolved on 13/03/2012 that the employee be dismissed. Application was brought to Court for the municipality to be responsible for settlement of the Legal Costs of the Applicant. The cost and outcome of the matter is still uncertain.		
(xiii) Contesting Council Resolution:	-	-
An application was brought to the High Court by Afriforum to set aside a Council Resolution to reinstate an employee contrary to the outcome of a Disciplinary Hearing, recommending dismissal. Subsequently Council resolved on 13/03/2012 that the employee be dismissed. Application was brought to Court for the municipality to be responsible for settlement of the Legal Costs of the Applicant. The cost and outcome of the matter is still uncertain.		
(xiv) Damages to Underground Cables:	-	58,786
The municipality is being sued by Telkom for damages to underground cables. A letter of demand was received on 8 May 2008 and further information has been requested from Telkom. The matter has been referred to the municipality's Insurers for finalisation.		
(xv) Claim for Defamation:	-	50,000
The municipality is being sued by Kersten Max Will for damages due to defamation. Mr Will has passed away since. The claim has been forwarded to the municipality's Insurers.		
(xvi) Claim for Injuries Sustained:	-	100,000
The municipality is being sued by Ms R du Toit for alleged injuries sustained when she fell due to a damaged pavement. Legal costs are excluded from this claim. The matter was referred to the municipality's Insurers.		

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

55 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

55.1 Court Proceedings:	435,982
	435,982

(i) Recovery of Irregular Expenditure:
 Investigation is being made into the recovery of Irregular Expenditure as disclosed in Note 47.3. It is probable that the proceedings will result in the recovery of the full amount but this recovery is not virtually certain.

56 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

57 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

58 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2012.

59 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 42) and Prior Period Errors (Note 43).

60 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

- (i) On 29 May 2012 the Council adopted the 2012/13 to 2014/15 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by weekly and monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
MOGALAKWENA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

APPENDIX B
MOGALAKWENA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Land and Buildings	R	R	R	R	R	R	R	R	R	R	R	R
<i>Land:</i>												
Land: Developed	41,220,934	-	-	-	-	41,220,934	-	-	-	-	-	41,220,934
Land: Undeveloped	31,427,394	-	-	-	-	31,427,394	-	-	-	-	-	31,427,394
<i>Buildings:</i>												
Carports	595,938	212,611	-	-	-	808,549	347,912	27,264	-	-	375,176	433,373
Hostels: Public and Tourist	85,671	-	-	-	-	85,671	78,440	2,849	-	-	81,289	4,383
Houses	464,882	-	-	-	-	464,882	423,498	3,593	-	-	427,091	37,790
Office Buildings	16,568,381	18,252	63,359	37,815	-	16,687,807	4,528,624	588,944	-	-	5,117,568	11,570,239
Warehouses	2,128,909	4,008	-	-	-	2,132,917	1,418,096	72,420	-	-	1,490,516	642,400
Workshops and Depots	514,033	-	-	-	-	514,033	184,702	17,134	-	-	201,836	312,196
Air Conditioning Systems	283,153	2,095,528	-	-	-	2,378,681	43,353	59,022	-	-	102,375	2,276,306
Elevator Systems	566,371	-	-	-	-	566,371	84,948	28,316	-	-	113,264	453,107
	93,855,664	2,330,399	63,359	37,815	-	96,287,237	7,109,573	799,542	-	-	7,909,116	88,378,122
Infrastructure												
<i>Electricity:</i>												
High Mast Lights	5,176,683	-	1,080,174	4,353,903	-	10,610,760	1,554,295	582,065	-	-	2,136,360	8,474,400
Mains	32,191,793	3,887,740	-	-	-	36,079,533	6,738,753	763,882	-	-	7,502,634	28,576,898
Meters	177,502	-	-	-	-	177,502	88,460	7,172	-	-	95,632	81,871
Substations	57,002,014	-	-	-	-	57,002,014	14,412,982	1,991,724	-	-	16,404,707	40,597,308
Supply and Reticulation	20,522,434	-	-	-	-	20,522,434	2,871,966	820,952	-	-	3,692,918	16,829,516
Transformers	24,654,938	-	-	-	-	24,654,938	4,674,767	507,234	-	-	5,182,001	19,472,937
Major Spare Parts in Inventory	3,863,098	-	-	60,144	-	3,923,242	-	-	-	-	-	3,923,242
<i>Roads and Transport:</i>												
Bus Terminals	351,000	-	-	-	-	351,000	176,963	17,550	-	-	194,513	156,488
Road Furniture (Lights, Signs, etc)	16,922,664	18,094,209	8,724,956	4,771,828	-	48,513,657	511,329	927,175	-	-	1,438,504	47,075,153
Roads: Asphalt	211,140,897	21,209,669	786,662	8,281,097	(2,551,712)	238,866,613	80,130,138	8,320,093	-	(1,195,509)	87,254,722	151,611,890
Roads: Concrete	677,092	-	-	-	-	677,092	8,377	18,150	-	-	26,527	650,565
Roads: Gravel	71,144,503	-	-	-	-	71,144,503	52,329,883	7,117,191	-	-	59,447,073	11,697,430
Roads: Paved	815,000	540,245	-	-	-	1,355,245	9,056	39,172	-	-	48,228	1,307,017
Stormwater	77,750,000	4,507,172	5,040,984	20,907,863	-	108,206,020	13,177,217	2,950,641	-	-	16,127,858	92,078,161
Railway Sidings	503,000	-	-	-	-	503,000	408,133	23,717	-	-	431,850	71,150
Taxi Ranks	228,694	-	-	-	-	228,694	166,341	4,234	-	-	170,574	58,120
Telkom Sleeves	3,970,739	-	-	-	-	3,970,739	534,714	198,537	-	-	733,251	3,237,488
<i>Sanitation:</i>												
Landfill Sites	3,866,401	-	-	-	-	3,866,401	47,830	166,735	-	-	214,565	3,651,835
<i>Sewerage:</i>												
Bulk Pipelines	31,363,906	1,210,509	-	-	-	32,574,415	9,199,829	627,278	-	-	9,827,107	22,747,307
Pumping Stations	3,031,933	-	-	-	-	3,031,933	325,212	89,967	-	-	415,179	2,616,754
Purification Works	11,907,451	300,421	7,611,270	79,420	-	19,898,563	1,047,584	315,843	-	-	1,363,426	18,535,136
Sewers / Reticulation	25,797,452	431,256	-	-	-	26,228,708	1,242,337	429,958	-	-	1,672,295	24,556,414

APPENDIX B
MOGALAKWENA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
<i>Water:</i> Boreholes Dams Meters Pumping Stations Purification Plant Reservoirs and Tanks Metalwork Standpipes Supply and Reticulation Telemetry Systems	R	R	R	R	R	R	R	R	R	R	R	R
	7,579,825	5,362,783	1,977,355	158,000	-	15,077,963	133,550	203,365	-	-	336,915	14,741,048
	639,285	-	-	-	-	639,285	42,619	63,928	-	-	106,547	532,737
	1,641,517	223,902	-	550,600	-	2,416,019	5,740	130,208	-	-	135,948	2,280,071
	20,370,469	374,600	-	-	-	20,745,069	3,941,899	457,948	-	-	4,399,847	16,345,222
	1,349,750	-	-	-	-	1,349,750	17,436	28,359	-	-	45,795	1,303,955
	64,531,588	7,723,034	1,319,203	2,676,954	-	76,250,779	17,347,406	1,482,854	-	-	18,830,260	57,420,519
	25,000	-	-	-	-	25,000	486	833	-	-	1,319	23,681
	1,422,310	3,702,311	-	35,000	-	5,159,622	59,821	191,088	-	-	250,909	4,908,713
	164,169,451	4,767,708	28,975,348	17,498,857	-	215,411,365	23,025,273	3,773,644	-	-	26,798,917	188,612,447
	267,347	-	-	-	-	267,347	158,697	17,823	-	-	176,520	90,827
	865,055,738	72,335,560	55,515,951	59,373,667	(2,551,712)	1,049,729,204	234,389,093	32,269,321	-	(1,195,509)	265,462,904	784,266,299
Community Assets <i>Recreational Facilities:</i> Museums and Art Galleries <i>Sports Facilities:</i> Sport and Recreational Facilities Stadiums <i>Other Facilities:</i> Cemeteries Community Centres Fire Stations Libraries Markets Nurseries Old Age Homes Public Conveniences/Bathrooms Vehicle Testing Centres Perimeter Protection Security Systems												
	1,748,120	-	-	-	-	1,748,120	653,310	58,271	-	-	711,580	1,036,540
	13,718,717	-	11,103,029	-	-	24,821,746	5,313,949	590,832	-	-	5,904,781	18,916,965
	3,228,844	-	-	-	-	3,228,844	630,624	114,191	-	-	744,815	2,484,029
	215,181	-	-	-	-	215,181	66,678	7,173	-	-	73,851	141,330
	11,014,598	-	-	-	-	11,014,598	3,426,949	373,196	-	-	3,800,141	7,214,458
	7,300,000	-	-	-	-	7,300,000	2,453,611	243,333	-	-	2,696,944	4,603,056
	64,500,000	7,029,286	-	2,260,975	-	73,790,261	21,679,167	2,253,225	-	-	23,932,392	49,857,870
	3,132,549	-	-	-	-	3,132,549	413,525	104,399	-	-	517,924	2,614,624
	145,529	-	-	-	-	145,529	46,041	4,888	-	-	50,929	94,600
	4,050,848	-	-	-	-	4,050,848	2,371,094	123,528	-	-	2,494,622	1,556,225
	470,663	212,877	-	-	-	683,540	80,734	18,750	-	-	99,484	584,056
<i>Other Assets</i> <i>Bins and Containers:</i> Collection Containers / Bins <i>Computer Equipment:</i> Computer Hardware Computer Networks <i>Emergency Equipment:</i> Emergency / Rescue Equipment Fire Equipment Medical and Allied Equipment												
	862,850	314,855	-	-	-	1,177,704	222,401	118,208	-	-	340,609	837,096
	7,216,799	748,490	50,000	303,994	(664,355)	7,654,928	5,631,309	573,259	-	(596,014)	5,608,554	2,046,373
	-	82,427	-	-	-	82,427	6,182	-	-	-	6,182	76,245
	68,301	-	-	-	-	68,301	25,576	7,513	-	-	33,089	35,212
	-	7,059	-	-	-	7,059	-	943	-	-	943	6,116
	125,838	-	-	-	-	125,838	79,286	15,455	-	-	94,741	31,097

APPENDIX B
MOGALAKWENA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
<i>Furniture and Fittings:</i>												
Advertising Boards	514	-				514	8	93	-	-	101	414
Domestic and Hostel Furniture	1,499	13,670	-	-	-	15,169	97	465	-	-	562	14,607
Kitchen Appliances	68,795	12,371	-	-	(2,799)	78,367	37,027	11,797	-	(1,787)	47,037	31,329
Other Furniture	4,587,524	402,904	474,145	-	(146,685)	5,317,888	2,241,957	472,103	-	(87,018)	2,627,042	2,690,846
<i>Motor Vehicles:</i>												
Motor Cars	22,414,945	2,250,725	-	-	(2,899,982)	21,765,687	12,485,063	2,994,683	-	(1,903,264)	13,576,482	8,189,205
Trailers	432,137	264,319	-	-	(55,797)	640,659	197,610	54,567	-	(36,024)	216,153	424,505
Trucks and Bakkies	11,767,559	503,861	-	-	(21,271)	12,250,149	2,824,914	1,299,937	-	(18,841)	4,106,010	8,144,139
<i>Office Equipment:</i>												
Air Conditioners	853,500	118,376	448,779	-	(14,697)	1,405,959	203,162	164,628	-	(7,820)	359,970	1,045,989
Audiovisual Equipment	13,158	91,387	-	-	-	104,544	8,488	3,636	-	-	12,123	92,421
Cellular Phones	-	822	-	-	-	822	-	129	-	-	129	693
Chains, Decorations & Robes	-	87,000	-	-	-	87,000	-	2,658	-	-	2,658	84,342
Domestic Equipment	31,486	6,482	-	-	-	37,968	6,201	6,437	-	-	12,638	25,329
Library Books	-	-	926,106	-	-	926,106	-	-	-	-	-	926,106
Other Office Equipment	3,678,656	147,031	-	-	(406,274)	3,419,413	2,932,557	221,698	-	(353,783)	2,800,472	618,941
Paintings and Sculptures	63,218	-	-	-	-	63,218	21,986	3,141	-	-	25,127	38,091
Library Books	4,183,630	1,432,515	-	-	-	5,616,145	2,442,337	606,330	-	-	3,048,668	2,567,477
Library Books - Mahwelereng	-	749,736	-	-	-	749,736	-	-	-	-	-	749,736
<i>Plant and Equipment:</i>												
Bicycles	-	1,129	-	-	-	1,129	-	64	-	-	64	1,065
Electric Wire and Power Tools	47,537	185,185	-	-	-	232,721	22,672	25,864	-	-	48,535	184,186
Farm Equipment	728,553	-	-	-	(1,965)	726,588	65,251	43,077	-	(1,505)	106,824	619,764
Gardening Equipment	919,075	71,906	-	-	-	990,980	436,739	168,928	-	-	605,667	385,313
Laboratory Equipment	3,900	-	-	-	-	3,900	2,503	770	-	-	3,273	628
Other Plant and Equipment	4,355,833	145,200	-	-	(15,888)	4,485,146	2,333,719	649,669	-	(11,515)	2,971,873	1,513,273
Pumps and Plumbing Equipment	670,633	-	-	-	-	670,633	121,022	61,373	-	-	182,395	488,238
Radio Equipment	408,678	63,285	-	-	(3,631)	468,333	228,064	67,038	-	(2,328)	292,774	175,559
Road Construction Equipment	3,691,653	-	-	-	-	3,691,653	313,717	221,830	-	-	535,548	3,156,105
Satelite Tracking Equipment	-	59,959	-	-	-	59,959	-	6,931	-	-	6,931	53,027
Security Equipment	96,371	94,514	-	47,401	-	238,287	51,285	30,262	-	-	81,546	156,740
Sport & Ecreational Equipment	-	131,500	-	-	-	131,500	-	4,217	-	-	4,217	127,283
Telecommunication Equipment	58,604	324,701	-	-	-	383,305	44,744	38,467	-	-	83,211	300,094
Woodworking Machinery/Equipme	439,430	-	-	-	-	439,430	39,549	39,549	-	-	79,097	360,332
Workshop Equipment	2,685,584	311,409	-	-	(23,454)	2,973,538	1,069,170	326,203	-	(16,254)	1,379,118	1,594,420
<i>Specialised Vehicles:</i>												
Sewerage Collection Vehicles	1,529,573	1,591,462	-	-	-	3,121,035	22,944	185,405	-	-	208,349	2,912,686
<i>Other Assets:</i>												
Laboratories	51	-	-	-	-	51	49	0	-	-	49	1
	72,005,884	10,214,279	1,899,030	351,395	(4,256,799)	80,213,788	34,111,402	8,433,513	-	(3,036,152)	39,508,763	40,705,025
Total	1,145,512,276	93,487,185	68,581,369	64,613,432	(6,808,511)	1,365,385,752	313,724,833	45,682,280	-	(4,231,661)	355,175,452	1,010,210,300
						0.00				0.00	0.00	0.00

APPENDIX B
MOGALAKWENA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R

MOGALAKWENA MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R
	4,564,000	-	-	-	-	4,564,000	1,466,123	91,633	-	-	1,557,756	3,006,244
	4,564,000	-	-	-	-	4,564,000	1,466,123	91,633	-	-	1,557,756	3,006,244

MOGALAKWENA MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Intangible Assets	R	R	R	R	R	R	R	R	R	R	R	R
	3,743,238	1,095,678	10,000	-	-	4,848,916	3,121,919	517,231	-	-	3,639,150	1,209,765
	3,743,238	1,095,678	10,000	-	-	4,848,916	3,121,919	517,231	-	-	3,639,150	1,209,765
						0.00						

MOGALAKWENA MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Heritage Assets	R	R	R	R	R	R	R	R	R	R	R	R
	51	-	-	-	-	51	-	-	-	-	-	51
	5,736,139	-	-	-	-	5,736,139	-	-	-	-	-	5,736,139
	152	-	-	-	-	152	-	-	-	-	-	152
	5,736,342	-	-	-	-	5,736,342	-	-	-	-	-	5,736,342
						0.00						
Total Asset Register	1,159,555,856	94,582,863	68,591,369	64,613,432	(6,808,511)	1,380,535,010	318,312,876	46,291,144	-	(4,231,661)	360,372,358	1,020,162,651

Budget Additions 2012	
R	-
	215,000
	-
	100,000
	5,000
	-
	1,656,595
	1,976,595
	2,142,212
	16,307,766
	-
	-
	-
	-
	-
	35,500,000
	23,000,000
	-
	550,000
	28,789,803
	-
	-
	300,000
	5,476,983
	-
	8,000,000
	450,000

Budget Additions 2012	
R	
9,350,000	
-	
225,000	
375,000	
-	
10,375,000	
-	
3,750,000	
97,948,915	
-	
242,540,679	
31,859,376	
-	
1,065,510	
-	
7,500,000	
-	
-	
225,000	
-	
1,375,000	
-	
42,024,886	
315,000	
800,000	
84,582	
-	
7,100	
-	

Budget Additions 2012	
R	
	-
	13,750
	12,375
	900,000
	2,500,000
	500,000
	2,500,000
	570,000
	100,000
	1,000
	90,000
	7,500
	950,000
	150,000
	-
	-
	-
	1,250
	200,000
	-
	80,000
	-
	150,000
	-
	100,000
	-
	100,000
	100,000
	150,000
	350,000
	-
	350,000
	1,600,000
	-
	12,682,557
	299,224,717

Budget
Additions
2012

R

Budget
Additions
2012

R

-

-

Budget
Additions
2012

R

235,010

235,010

Budget
Additions
40360

R

-

-

-

299,459,727

APPENDIX C
MOGALAKWENA MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Executive and Council	R 3,928,957	R 2,514,443	R -	R 341,809	R (59,308)	R 6,725,902	R 2,665,992	R 795,015	R -	R (47,905)	R 3,413,102	R 3,312,799
Finance and Administration	R 225,507,128	R 1,282,814	R 512,138	R -	R (1,256,928)	R 226,045,153	R 57,000,291	R 5,892,213	R -	R (996,519)	R 61,895,984	R 164,149,169
Planning and Development	R 4,697,355	R 237,903	R -	R -	R (117,004)	R 4,818,254	R 1,303,399	R 245,993	R -	R (91,787)	R 1,457,605	R 3,360,649
Health	R 14,663	R -	R -	R -	R -	R 14,663	R 7,775	R 2,073	R -	R -	R 9,848	R 4,815
Community and Social Services	R 8,732,023	R 12,722,324	R 1,460,250	R 2,260,975	R (24,978)	R 25,150,595	R 3,218,489	R 1,048,714	R -	R (18,283)	R 4,248,921	R 20,901,674
Public Safety	R 5,990,301	R 1,396,325	R -	R 47,401	R (527,080)	R 6,906,948	R 3,202,188	R 656,831	R -	R (401,839)	R 3,457,180	R 3,449,769
Sport and Recreation	R 7,452,976	R 4,516,344	R 11,103,029	R 8,884,845	R (48,052)	R 31,909,143	R 2,177,877	R 944,613	R -	R (42,568)	R 3,079,923	R 28,829,220
Environmental Protection	R 885,779	R 6,497	R -	R -	R (648,396)	R 243,881	R 529,427	R 32,849	R -	R (380,250)	R 182,026	R 61,855
Waste Management	R 87,131,618	R 4,038,850	R 7,611,270	R 79,420	R (345,314)	R 98,515,844	R 15,817,396	R 3,173,220	R -	R (289,475)	R 18,701,142	R 79,814,703
Roads and Transport	R 385,881,112	R 42,897,356	R 14,552,601	R 31,097,878	R (2,574,575)	R 471,854,372	R 148,052,563	R 20,392,727	R -	R (1,211,853)	R 167,233,437	R 304,620,935
Water	R 277,768,113	R 18,683,943	R 32,271,906	R 18,978,049	R (1,161,193)	R 346,540,818	R 51,077,932	R 7,581,940	R -	R (717,571)	R 57,942,301	R 288,598,517
Electricity	R 148,631,039	R 6,258,387	R 1,080,174	R 2,923,054	R (45,390)	R 158,847,265	R 33,039,637	R 5,422,427	R -	R (33,404)	R 38,428,660	R 120,418,606
Other	R 2,934,790	R 27,677	R -	R -	R (295)	R 2,962,172	R 219,909	R 102,528	R -	R (206)	R 322,231	R 2,639,941
Total	R 1,159,555,856	R 94,582,863	R 68,591,369	R 64,613,432	R (6,808,511)	R 1,380,535,010	R 318,312,876	R 46,291,144	R -	R (4,231,661)	R 360,372,358	R 1,020,162,651

APPENDIX D
MOGALAKWENA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)	Description	2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)
R	R	R		R	R	R
151,994,561	79,764,904	72,229,657	Executive and Council	231,574,510	82,473,372	149,101,138
66,324,559	63,734,902	2,589,657	Finance and Administration	72,987,053	63,075,312	9,911,741
708,991	15,098,767	(14,389,775)	Planning and Development	914,207	14,598,707	(13,684,501)
-	42,232	(42,232)	Health	-	35,472	(35,472)
3,195,750	6,317,435	(3,121,685)	Community and Social Services	13,615,085	6,541,233	7,073,852
128,487	112,065	16,422	Housing	132,382	129,245	3,136
6,400,347	17,593,289	(11,192,943)	Public Safety	7,361,943	19,679,617	(12,317,675)
12,063,826	8,104,015	3,959,812	Sport and Recreation	15,472,664	6,826,366	8,646,298
41,421	1,839,070	(1,797,649)	Environmental Protection	31,152	1,843,753	(1,812,601)
43,145,141	31,476,120	11,669,022	Waste Management	42,036,002	41,043,024	992,978
89,186,741	42,699,976	46,486,765	Roads and Transport	65,933,341	52,585,721	13,347,620
131,795,602	71,467,680	60,327,921	Water	118,297,679	94,373,043	23,924,636
143,542,942	113,333,280	30,209,662	Electricity	161,008,240	136,958,606	24,049,634
-	1,189,787	(1,189,787)	Other	98	1,273,168	(1,273,071)
648,528,368	452,773,523	195,754,845	Total	729,364,355	521,436,640	207,927,714

APPENDIX E(1)
MOGALAKWENA MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12 Actual	2011/12 Budget	2011/12 Variance	2011/12 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	38,795,308	38,233,139	562,169	1.47	
Fines	1,145,537	1,307,538	(162,001)	(12.39)	Less Fines issued than anticipated
Licences and Permits	67,550	80,000	(12,450)	(15.56)	Less Licences/Permits issued than anticipated
Income for Agency Services	8,945,566	6,633,990	2,311,576	34.84	More Licences, issued on behalf of Principals, issued than anticipated
Government Grants and Subsidies	385,818,052	520,695,099	(134,877,047)	(25.90)	Commitments not met due to delay in awarding of tenders
Public Contributions and Donations	14,772,113	15,837,856	(1,065,743)	(6.73)	
Service Charges	216,313,192	214,189,011	2,124,181	0.99	
Rental of Facilities and Equipment	1,029,828	778,735	251,093	32.24	More Rental earned than anticipated
Interest Earned - External investments	24,859,260	17,000,000	7,859,260	46.23	Investments held more than budgeted for
Interest Earned - Outstanding debtors	23,074,189	2,157,100	20,917,089	969.69	Budgeted only for anticipated Recoverable Interest
Other Income	9,184,141	4,517,184	4,666,957	103.32	Retentions Forfeited and Unclaimed Moneys older than 3 years not budgeted for
Gains on Disposal of Property, Plant and Equipment	827,142	-	827,142	100.00	Gains not budgeted for
Profit on Sale of Land	4,532,476	4,000,000	532,476	13.31	Land Sales exceeded expectations
Total Revenue	729,364,355	825,429,652	(96,065,297)	(11.64)	
EXPENDITURE					
Employee Related Costs	155,186,871	170,458,999	(15,272,128)	(8.96)	
Remuneration of Councillors	15,107,713	15,180,875	(73,162)	(0.48)	
Collection Costs	118,575	185,000	(66,425)	(35.91)	Expenditure less than anticipated
Depreciation	46,291,144	58,226,865	(11,935,721)	(20.50)	Capital Projects budgeted for not completed/started during the year
Impairment Losses	43,538,102	44,622,142	(1,084,040)	(2.43)	
Repairs and Maintenance	56,546,309	55,766,982	779,327	1.40	
Interest Paid	16,293	-	16,293	100.00	Not material
Bulk Purchases	122,946,781	126,040,000	(3,093,219)	(2.45)	
Contracted Services	13,292,516	17,717,578	(4,425,062)	(24.98)	Savings on expenditure realised
Grants and Subsidies Paid	38,627,426	32,750,331	5,877,095	17.95	Community Projects budgeted for in Capital Budget
General Expenses	27,965,722	44,430,906	(16,465,184)	(37.06)	Savings on expenditure realised
Loss on disposal of Property, Plant and Equipment	1,799,189	-	1,799,189	100.00	Loss on Insurance Claims and Disposal of Assets not budgeted for
Total Expenditure	521,436,640	565,379,678	(43,943,038)	(7.77)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	207,927,714	260,049,974	(52,122,260)	(20.04)	

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/11 Actual	2010/11 Budget	2010/11 Variance	2010/11 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	35,268,655	32,307,437	2,961,218	9.17	
Fines	1,404,133	1,189,079	215,054	18.09	More fines issued than anticipated because offices are now open on weekends
Licences and Permits	68,910	76,855	(7,945)	(10.34)	Less licences/permits issued than anticipated
Income for Agency Services	8,214,097	6,347,313	1,866,784	29.41	More licences issued than anticipated
Government Grants and Subsidies	368,060,588	400,384,917	(32,324,329)	(8.07)	
Public Contributions and Donations	8,401,556	(8,000)	8,409,556	(105,119.45)	Donations received was not budgeted for - improvements to swimming pool
Service Charges	180,380,049	186,566,938	(6,186,889)	(3.32)	
Rental of Facilities and Equipment	720,039	816,205	(96,166)	(11.78)	Budgeted for full contracted amount, of which portion is deferred to next year
Interest Earned - External investments	15,925,024	13,000,000	2,925,024	22.50	Investments held more than budgeted for
Interest Earned - Outstanding debtors	17,229,336	2,120,000	15,109,336	712.70	Budgeted only for anticipated recoverable interest
Other Income	6,108,752	2,705,066	3,403,686	125.83	Retentions forfeited not budgeted for
Gains on Disposal of Property, Plant and Equipment	-	-	-	0.00	
Profit on Sale of Land	6,747,229	4,166,767	2,580,462	61.93	Land Sales exceeded expectations
Total Revenue	648,528,368	649,672,577	(1,144,209)	(0.18)	
EXPENDITURE					
Employee Related Costs	145,456,584	152,864,589	(7,408,005)	(4.85)	
Remuneration of Councillors	13,246,031	14,483,810	(1,237,779)	(8.55)	
Collection Costs	90,502	100,000	(9,498)	(9.50)	
Depreciation	42,380,634	44,191,038	(1,810,404)	(4.10)	Decrease in depreciation due to implementation of GRAP 16, 17 and 102
Impairment Losses	37,288,231	32,193,880	5,094,351	15.82	Increased provision due to deterioration of debtor payment rate
Repairs and Maintenance	61,763,678	66,415,744	(4,652,066)	(7.00)	
Interest Paid	-	-	-	0.00	
Bulk Purchases	101,289,628	106,200,000	(4,910,372)	(4.62)	
Contracted Services	12,530,808	13,828,009	(1,297,201)	(9.38)	Savings on expenditure realised
Grants and Subsidies Paid	22,316,323	29,185,553	(6,869,230)	(23.54)	
General Expenses	16,382,883	25,855,104	(9,472,221)	(36.64)	Savings on expenditure realised
Loss on disposal of Property, Plant and Equipment	28,223	-	28,223	100.00	Loss on Insurance claims
Total Expenditure	452,773,523	485,317,727	(32,544,204)	(6.71)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	195,754,845	164,354,850	31,399,995	19.11	

APPENDIX E(2)
MOGALAKWENA MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	Explanation of Significant Variances	
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	greater than 10% versus Budget	
	R	R	R	R	R	%		
Executive and Council	2,514,443	-	2,514,443	2,899,974	(385,531)	(13.29)	Savings realised - Assets not procured as budgeted for	
Finance and Administration	1,282,814	512,138	1,794,952	4,707,386	(2,912,434)	(61.87)	Savings realised - Assets not procured as budgeted for	
Planning and Development	237,903	-	237,903	579,451	(341,548)	(58.94)	Savings realised on procurement of Air Conditioners	
Community and Social Services	12,722,324	1,460,250	14,182,575	13,756,837	425,738	3.09		
Housing	-	-	-	370,000	(370,000)	(100.00)	Assets not procured as budgeted for - Budget rolled over to 2012/13	
Public Safety	1,396,325	-	1,396,325	3,140,091	(1,743,766)	(55.53)	Savings realised - Assets not procured as budgeted for	
Sport and Recreation	4,516,344	11,103,029	15,619,373	29,398,479	(13,779,106)	(46.87)	Construction of Sports Node not finalised - Budget rolled over to 2012/13	
Environmental Protection	6,497	-	6,497	6,500	(3)	(0.04)		
Waste Management	4,038,850	4,999,768	9,038,618	16,183,806	(7,145,188)	(44.15)	MIG Projects not finalised - Budget rolled over to 2012/13	
Roads and Transport	42,897,356	14,365,252	57,262,608	86,191,636	(28,929,028)	(33.56)	MIG and NDPG Projects not finalised - Budget rolled over to 2012/13	
Water	18,683,943	31,115,923	49,799,865	122,331,653	(72,531,788)	(59.29)	DWAE and MIG Projects not finalised - Budget rolled over to 2012/13	
Electricity	6,258,387	1,080,174	7,338,561	19,845,914	(12,507,353)	(63.02)	Projects not finalised - Budget rolled over to 2012/13	
Other	27,677	-	27,677	48,000	(20,323)	(42.34)	Not material	
Total	94,582,863	64,636,536	159,219,398	299,459,727	(140,240,329)	(46.83)		

ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	Explanation of Significant Variances	
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	greater than 10% versus Budget	
	R	R	R	R	R	%		
Executive and Council	340,628	37,815	378,443	486,853	(108,410)	(22.27)	Capital under Construction from 2008/09 not budgeted for - R303 994	
Finance and Administration	2,166,260	-	2,166,260	1,566,968	599,292	38.25	Swimming Pool not budgeted for - R966 845	
Planning and Development	119,365	-	119,365	259,965	(140,600)	(54.08)	Savings realised	
Community and Social Services	805,003	2,260,975	3,065,979	9,266,339	(6,200,360)	(66.91)	Construction of Library not finalised - R6 239 025 rolled over to 2011/12	
Housing	-	-	-	-	-	0.00		
Public Safety	879,643	47,401	927,044	1,119,600	(192,556)	(17.20)	Savings realised	
Sport and Recreation	778,284	8,884,845	9,663,130	27,158,357	(17,495,227)	(64.42)	Construction of Sports Node not finalised - R17 443 155 rolled over to 2011/12	
Environmental Protection	2,550	-	2,550	3,000	(450)	(15.00)	Not material	
Waste Management	11,170,354	2,690,922	13,861,276	15,317,236	(1,455,960)	(9.51)	MIG Projects not finalised - R1 186 970 rolled over to 2011/12	
Roads and Transport	54,698,354	27,391,707	82,090,061	86,223,155	(4,133,094)	(4.79)		
Water	40,702,041	20,134,032	60,836,073	83,133,207	(22,297,134)	(26.82)	DWAF & MIG Projects not finalised - R22 265 662 rolled over to 2011/12	
Electricity	16,746,170	2,862,910	19,609,081	24,031,761	(4,422,680)	(18.40)	Substation & Streetlight Projects not finalised - R4 123 322 rolled over to 2011/12	
Other	798	-	798	900	(102)	(11.31)	Not material	
Total	128,409,450	64,310,609	192,720,059	248,567,341	(55,847,282)	(22.47)		

APPENDIX F
MOGALAKWENA MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June	Yes / No		
Equitable Share	Nat Treasury	0	93,809,000	60,944,000	63,591,000	0	0	51,431,945	51,648,705	50,973,586	60,875,759	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FMG	Nat Treasury	0	1,250,000	0	0	0	0	118,585	160,229	140,930	830,256	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NDPG	Nat Treasury	0	0	5,000,000	23,000,000	0	0	6,572,948	15,487,058	7,367,239	4,882,307	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	0	66,059,000	0	47,163,000	0	0	7,223,727	18,120,529	19,141,673	27,162,294	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Bulk Infrastructure Grant	DWAF	0	7,231,058	5,086,113	46,682,830	20,999,811	0	2,604,744	4,659,630	1,350,028	18,851,540	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWAF O & M	DWAF	0	3,715,000	3,715,000	3,818,000	0	0	775,569	3,205,072	5,053,473	2,213,887	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DME Projects	DME	0	2,572,000	2,571,000	857,000	0	0	0	0	0	4,877,914	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	DPLG	0	790,000	0	0	0	0	0	149,218	165,000	475,782	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EPWP Incentive Grant	Province	0	860,000	172,000	1,038,000	0	0	0	433,440	598,560	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		0	176,286,058	77,488,113	186,149,830	20,999,811	0	68,727,518	93,863,880	84,790,488	120,169,739	0	0	0	0	0			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																			

APPENDIX G
MOGALAKWENA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2012

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
Mayor Mashamaite T.A.	R	R	R	R	R	R	R	R	R	R	R	R
Mashamaite T.A.	-	61,211	-	25,792	11,126	-	-	-	-	-	-	98,129
Speaker Mabusela R.M. (Ms)	-	330,615	-	145,908	54,666	-	-	-	-	-	-	531,190
Executive Committee												
Kgaphola T.A.	-	167,636	-	82,268	28,291	-	-	-	-	-	-	278,195
Lebelo M.R. (Ms)	-	178,972	-	82,268	30,637	-	-	-	-	-	-	291,877
Mabuela F.M. (Ms)	-	309,898	-	137,967	51,275	-	-	-	-	-	-	499,139
Mashamaite N.V.	-	309,898	-	137,967	51,333	-	-	-	-	-	-	499,197
Montane N.S.	-	309,898	-	137,967	51,299	-	-	-	-	-	-	499,163
Ramashala M.E. (Ms)	-	167,636	-	82,268	28,300	-	-	-	-	-	-	278,204
Smit C.F.B.	-	210,561	-	82,268	3,626	-	-	-	-	-	-	296,455
Tlhaku M.S.	-	196,796	-	82,268	17,158	-	-	-	-	-	-	296,222
Tsobe M.A.	-	289,726	-	137,967	71,239	-	-	-	-	-	-	498,932
Other Councillors												
Baloyi H.T.	-	126,513	-	59,399	18,010	-	-	-	-	-	-	203,923
Chauke M.J.	-	102,937	-	49,499	17,489	-	-	-	-	-	-	169,925
Dabula M.D.	-	123,438	-	59,399	19,514	-	-	-	-	-	-	202,351
Dekker K.Q.	-	105,468	-	43,911	2,025	-	-	-	-	-	-	151,403
Kekana R.L.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Kekana V.H.	-	113,305	-	59,399	31,224	-	-	-	-	-	-	203,928
Kgalo M.K.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Kganyago L.C.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Langa L.D.	-	309,898	-	137,967	51,280	-	-	-	-	-	-	499,144
Lebelo L.J.	-	123,438	-	59,399	21,074	-	-	-	-	-	-	203,911
Legodi L.G.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Mabe P.S.	-	141,954	-	59,399	2,833	-	-	-	-	-	-	204,186
Mabuela M.W.	-	141,954	-	59,399	2,833	-	-	-	-	-	-	204,186
Mabula N.S.	-	134,201	-	59,399	10,463	-	-	-	-	-	-	204,063
Mabusela L.B.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Madubana R.P.	-	112,490	-	59,399	32,003	-	-	-	-	-	-	203,891
Magongoa S.D.	-	123,438	-	59,399	21,106	-	-	-	-	-	-	203,943
Mahlala R.L.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Malatjie K.D.	-	133,535	-	56,046	2,362	-	-	-	-	-	-	191,943
Maluleke R.P.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Manamela L.E.	-	108,412	-	59,399	35,904	-	-	-	-	-	-	203,715
Manganyi M.E.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Maritz F.M.	-	141,954	-	59,399	2,833	-	-	-	-	-	-	204,186
Mashaba K.E.	-	113,188	-	54,449	19,312	-	-	-	-	-	-	186,949
Mashala L.J.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Mashili M.M.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Masipa S.R.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Mathabathe L.J.	-	126,513	-	59,399	18,010	-	-	-	-	-	-	203,923
Mathebula H.S.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Matlou L.B.	-	106,142	-	50,617	17,728	-	-	-	-	-	-	174,486
Miloana M.M.	-	122,466	-	59,399	22,021	-	-	-	-	-	-	203,886
Mogotlane M.I.	-	123,438	-	59,399	21,078	-	-	-	-	-	-	203,915
Mokonyane M.J.	-	11,221	-	4,715	283	-	-	-	-	-	-	16,218
Moleko R.M.	-	123,438	-	59,399	21,078	-	-	-	-	-	-	203,915

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
Molomo L.S.	R	R	R	R	R	R	R	R	R	R	R	R
Monene R.N.	-	123,438	-	59,399	21,031	-	-	-	-	-	-	203,868
Morkel-Brink G.E.	-	123,438	-	59,399	21,078	-	-	-	-	-	-	203,915
Moseameidi M.M.	-	141,954	-	59,399	2,833	-	-	-	-	-	-	204,186
Mothibi R.E.	-	134,201	-	59,399	8,751	-	-	-	-	-	-	202,351
Mothoa M.P.J.	-	370,638	-	160,507	60,322	-	-	-	-	-	-	591,467
Motlohoneng D.P.	-	14,426	-	6,236	315	-	-	-	-	-	-	20,977
Mutshinya M.F.	-	124,976	-	59,399	19,525	-	-	-	-	-	-	203,900
Ngobeni S.G.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Ngwetjana L.N.	-	123,438	-	59,399	21,134	-	-	-	-	-	-	203,971
Panyana R.E.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Phokela M.D.	-	124,976	-	59,399	19,525	-	-	-	-	-	-	203,900
Pila P.G.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Ramasobana R.D.	-	123,438	-	59,399	21,061	-	-	-	-	-	-	203,898
Rathupa M.E.	-	124,976	-	59,399	19,525	-	-	-	-	-	-	203,900
Sekhu M.J.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Sekoala M.A.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Senoamadi M.M.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Senosha S.C.G.	-	141,954	-	59,399	2,833	-	-	-	-	-	-	204,186
Setlatjile K.D.	-	123,438	-	59,399	21,046	-	-	-	-	-	-	203,883
Somo M.L.	-	123,438	-	59,399	21,309	-	-	-	-	-	-	204,147
Total for Councillors	-	9,566,243	-	4,431,208	1,449,566	-	-	-	-	-	-	15,447,018
Municipal Manager												
Kekana S.W.	-	882,570	73,548	134,323	257,205	-	-	-	-	-	-	1,347,646
Chief Financial Officer												
Mphago K.J.	-	778,407	64,867	120,000	195,519	-	-	-	-	-	-	1,158,793
Manager: Community Services												
Sebola L.J.	-	665,344	59,351	148,085	207,202	-	-	-	-	-	-	1,079,982
Manager: Corporate Services												
Thobejane M.H.	-	480,532	-	121,243	148,284	-	-	-	-	-	-	750,060
Manager: Developmental Services												
Mailula D.E.	-	650,081	59,098	265,741	184,551	-	-	-	-	-	-	1,159,471
Manager: Technical Services												
Mogashoa S.T.R.	-	669,256	55,771	143,086	184,702	-	-	-	-	-	-	1,052,814
Total for Senior Managers	-	3,243,619	239,088	798,155	920,258	-	-	-	-	-	-	5,201,120
Total for Management	-	12,809,862	239,088	5,229,363	2,369,825	-	-	-	-	-	-	20,648,138

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
Mayor Mmola M.B.	R	R	R	R	R	R	R	R	R	R	R	R
Mmola M.B.	-	336,892	-	150,118	70,136	-	-	-	-	-	-	557,146
Speaker Mabusela R.M. (Ms) Kgobe N.L.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
	-	270,251	-	123,280	15,315	-	-	-	-	-	-	408,846
Executive Committee												
Barnard J.F.	-	144,469	-	65,287	23,296	-	-	-	-	-	-	233,051
Cchalia A.	-	135,174	-	65,287	33,538	-	-	-	-	-	-	233,999
Kganyago R.L.	-	144,469	-	65,287	23,293	-	-	-	-	-	-	233,048
Kgaphola T.A.	-	121,977	-	57,995	20,411	-	-	-	-	-	-	200,383
Kgosana T.S.	-	253,820	-	116,570	51,897	-	-	-	-	-	-	422,287
Lebelo M.R. (Ms)	-	165,394	-	73,093	27,182	-	-	-	-	-	-	265,668
Mabuela F.M. (Ms)	-	19,402	-	7,806	326	-	-	-	-	-	-	27,534
Mashamaite N.V.	-	279,580	-	124,376	47,505	-	-	-	-	-	-	451,462
Matlwa M.T.	-	144,469	-	65,287	23,296	-	-	-	-	-	-	233,051
Montane N.S.	-	121,977	-	57,995	20,411	-	-	-	-	-	-	200,383
Motabo N.M.	-	144,469	-	65,287	23,296	-	-	-	-	-	-	233,051
Ramashala M.E. (Ms)	-	125,568	-	59,414	20,411	-	-	-	-	-	-	205,393
Shika M.E.	-	144,469	-	65,287	23,296	-	-	-	-	-	-	233,052
Smit C.F.B.	-	127,587	-	59,414	16,937	-	-	-	-	-	-	203,937
Thema N.R.	-	144,469	-	65,287	23,296	-	-	-	-	-	-	233,051
Tlhaku M.S.	-	20,891	-	8,309	326	-	-	-	-	-	-	29,526
Tsobe M.A.	-	20,891	-	8,309	326	-	-	-	-	-	-	29,526
Other Councillors												
Baloyi H.T.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Chauke M.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Chokoe K.R.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Dabula M.D.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Gubayi D.P.	-	89,118	-	42,904	14,340	-	-	-	-	-	-	146,362
Kekana R.L.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Kekana T.K.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Kekana V.H.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Kgalo M.K.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Kganyago L.C.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Kgosana K.G.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Kgosasa L.L.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Lamola M.M.	-	103,370	-	51,887	16,952	-	-	-	-	-	-	172,209
Langa L.D.	-	136,019	-	56,577	1,696	-	-	-	-	-	-	194,292
Lebelo L.J.	-	118,278	-	56,577	19,688	-	-	-	-	-	-	194,543
Legodi L.G.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mabe P.S.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mabuela M.W.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mabula N.S.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mabusela L.B.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Madubana R.P.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Magongoa S.D.	-	118,278	-	56,577	19,818	-	-	-	-	-	-	194,672
Mahlalela R.L.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Makgae S.K.	-	89,118	-	42,904	14,340	-	-	-	-	-	-	146,362
Malatjie K.D.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Maloba L.P.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Maluleke R.P.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mampane M.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Manamela L.E.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Manganye J.N.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Manganyi M.E.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Maritz F.M.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mashala L.J.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mashalane C.M.	-	120,828	-	50,189	1,450	-	-	-	-	-	-	172,467
Mashao M.L.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mashiane M.H.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mashilele M.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mashilu M.M.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Masipa S.R.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mathabathe L.J.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mathebula H.S.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Matlaila R.P.	-	92,911	-	50,189	29,600	-	-	-	-	-	-	172,701
Matlou L.B.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mello M.P.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Miloana M.M.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mkhafola M.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mogotlane M.I.	-	118,278	-	56,577	19,812	-	-	-	-	-	-	194,667
Mokale L.G.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mokau D.M.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mokhonoana	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mokonyane M.J.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Molekoa R.M.	-	118,278	-	56,577	19,812	-	-	-	-	-	-	194,667
Molomo L.S.	-	82,910	-	36,146	912	-	-	-	-	-	-	119,967
Monama M.A.D.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Monene R.N.	-	118,278	-	56,577	19,812	-	-	-	-	-	-	194,667
Monkwe C.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Morkel-Brink G.E.	-	136,019	-	56,577	1,696	-	-	-	-	-	-	194,292
Moseamedi M.M.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mothibi R.E.	-	141,297	-	65,964	23,545	-	-	-	-	-	-	230,806
Mothoa M.P.J.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Motlohoneng D.P.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Mphela M.A.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mpya K.S.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Mutshinya M.F.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Ngobeni S.G.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Ngopepe M.S.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Ngwetjana L.N.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Panyana R.E.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Phokela M.D.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Pila P.G.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Pitjeng B.T.	-	89,118	-	42,904	14,340	-	-	-	-	-	-	146,362
Ramasobana R.D.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Rathupa M.E.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Sebetha M.S.	-	29,597	-	14,144	4,783	-	-	-	-	-	-	48,524
Sebola S.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Sekhu M.J.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Sekoala M.A.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Selepe S.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Seloma M.	-	92,567	-	28,507	28,507	-	-	-	-	-	-	149,581
Senoamadi M.M.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Senosha S.C.G.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Sethoga M.N.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Setlatjile K.D.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Shiburi M.J.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
Somo M.L.	R	R	R	R	R	R	R	R	R	R	R	R
Somo M.N.	-	15,148	-	6,388	272	-	-	-	-	-	-	21,807
Teffo M.B.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Tefu M.S.	-	118,278	-	56,577	19,812	-	-	-	-	-	-	194,667
Thubakgale R.E.	-	105,068	-	50,189	16,955	-	-	-	-	-	-	172,212
Tsobe P.H.	-	105,068	-	50,189	16,957	-	-	-	-	-	-	172,214
Van Heerden J.D.	-	120,828	-	50,189	1,450	-	-	-	-	-	-	172,467
Total for Councillors	-	8,613,046	-	3,968,779	1,240,532	-	-	-	-	-	-	13,822,356
Municipal Manager Kekana S.W.	-	824,232	68,686	140,324	242,625	-	-	-	-	-	-	1,275,868
Chief Financial Officer Mphago K.J.	-	728,082	60,674	121,409	170,026	-	-	-	-	-	-	1,080,191
Manager: Community Services Sebola L.J.	-	632,466	51,540	148,085	194,665	-	-	-	-	-	-	1,026,755
Manager: Corporate Services Thobejane M.H.	-	594,624	49,552	161,781	185,541	-	-	-	-	-	-	991,498
Manager: Developmental Services Mailula D.E.	-	659,556	54,963	172,783	186,598	-	-	-	-	-	-	1,073,899
Manager: Technical Services Mogashoa S.T.R.	-	623,520	51,960	143,086	172,780	-	-	-	-	-	-	991,345
Total for Senior Managers	-	3,238,248	268,688	747,144	909,609	-	-	-	-	-	-	5,163,689
Total for Management	-	11,851,293	268,688	4,715,923	2,150,141	-	-	-	-	-	-	18,986,045